

The **NATIONAL** **UNDERWRITER** *Life Insurance Edition*

ELOQUENT PLEA

In the Ætna Life it's the Estate Control Plan. It photographs a prospect's estate. He never likes the picture. It over-exposes defects. Incredulous, he gasps, "My family couldn't live on that!" . . . Have you ever heard a distraught man beg for more insurance than he can have?

ÆTNA LIFE ORGANIZED SELLING



ÆTNA LIFE INSURANCE COMPANY

AFFILIATED COMPANIES

THE ÆTNA CASUALTY AND SURETY COMPANY
THE AUTOMOBILE INSURANCE COMPANY
THE STANDARD FIRE INSURANCE COMPANY

Hartford, Connecticut

FRIDAY, DECEMBER 22, 1944

TIME FOR RESOLUTION

As the New Year approaches men are giving more than the usual amount of thought to the possibilities of the future.

This is the season for charting the course that lies ahead, and for resolving to avoid hazards, while taking advantage of opportunities.

Among those who may share in these chances for personal advancement are the men and women who sell life insurance.

Americans are definitely protection conscious and the year 1945 is one of promise for those who resolve to make the most of it.



The PRUDENTIAL
INSURANCE COMPANY OF AMERICA
A mutual life insurance company
HOME OFFICE NEWARK, NEW JERSEY

"LO I AM WITH YOU ALWAYS"

Christmas is an old, old story and the flight of years, with all their joys, their tragedies, cannot mar its magic. In steaming fox-holes and flak-torn bombers, aboard plunging fighting ships, on storm-tossed rafts at sea, in the trench of no man's land—men turn to the faith of their fathers and the memories of other Christmases for strength and comfort.

Such courage and sacrifice fire our will to preserve for them the things for which they fight—inspire new hope that soon we'll see the lights go on again all over the world and the return of "Peace on Earth, Good Will Toward Men."

May the grace of God be with your loved ones, wherever they may be.



PEOPLES LIFE INSURANCE COMPANY
"The Friendly Company"
FRANKFORT — INDIANA

They Are Looking Ahead

Never before have people so seriously thought about their future. The problems that must follow the War—safety of investment—cost of living—hazard of unemployment—limitations of business opportunity—concerning these questions millions of Americans seek answers. Life Insurance is one great answer. Fidelity Mutual provides that answer in concrete form—complete modern coverage backed by solid financial security. It equips its agents with adequate selling tools and trains them with sympathetic supervision and co-operative leadership. Fidelity is a friendly company.

The FIDELITY MUTUAL LIFE
INSURANCE COMPANY
PHILADELPHIA

E. A. Roberts, President

Columbia Experts Make Analysis of Premium Tax

Believe Non-Discriminatory Levy Can Be Saved by Federal Legislation

State taxes on insurance which are non-discriminatory as respects out of state companies are probably valid despite the Southeastern Underwriters Association decision and it seems "arguable" that even discriminatory state taxes might be allowed to stand should Congress pass the legislative proposal of the National Association of Insurance Commissioners, according to a memorandum prepared for the Life Insurance Association of America and the American Life Convention by Prof. Noel T. Dowling, professor of constitutional law and Prof. Edwin W. Patterson, professor of insurance law, both of Columbia University law school. Professors Dowling and Patterson believe that the possibility that non-discriminatory taxes might be held unconstitutional could be removed by enactment of the commissioners proposal.

As to discriminatory taxes, assuming no congressional permission, "our general conclusion is that a state premium tax which taxes foreign insurance company premiums at a higher rate than it taxes (or without taxing at all) premiums of like domestic insurance companies would probably be invalid as a discrimination against interstate commerce; it could be saved only by showing a corresponding tax, imposed in some way or other upon the premium receipts of domestic companies only, sufficient to equalize substantially the burdens on domestic and foreign companies.

Power of Congress

"On the point of the power of Congress to permit the continued operation of state laws our general conclusions are, first, that except where such laws involve discrimination against interstate commerce it seems clear that congressional permission will remove the commerce clause objections and thus enable the laws to continue in operation; and second, that even where discrimination is involved, at least such as may be shown under the laws now in force, an arguable case can be made that congressional permission for the continued operation of such laws would not be held invalid."

North Carolina Case

The memorandum points out that among the several distinctive doctrines developed by the Supreme Court for the protection of interstate commerce, none is more firmly established than that the states may not discriminate against interstate commerce in favor of local commerce, the principle underlying this doctrine being as fundamental as the constitution itself. Citing a number of cases illustrating this doctrine, the memorandum summarizes two recent cases as throwing light on the state premium tax question. In *Hale v. Bimco Trading, Inc.*, a decree was upheld which enjoined the enforcement of a Florida statute that imposed an "inspection fee" of 15 cents per cwt. on all cement imported from outside the state but required no inspection and imposed no fee on cement produced in Florida. It was shown that the so called inspection fee was about 60 times the cost of making the inspection. The Supreme Court treated the fee as a tax and said that the presumption

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Nov. Sales Up 2.8%; Ordinary 9.1% Plus, Year Total Up 5.9%

New life insurance for November was 2.8% more than for November of last year, and for the first 11 months of this year was 5.9% greater than for the corresponding period of 1943, according to Life Insurance Association of America. For November, ordinary insurance showed an increase of 9.1%, industrial an increase of 3% and group a decrease of 21.5%.

For November, the new business was \$776,801,000 against \$755,351,000 during November of last year. Ordinary insurance was \$550,070,000 against \$504,361,000. Industrial was \$124,976,000 against \$121,320,000. Group was \$101,755,000 against \$129,670,000.

For the first 11 months, the new business was \$8,427,866,000 against \$7,962,232,000. Ordinary was \$5,859,345,000 against \$5,164,915,000, increase 13.4%. Industrial was \$1,384,113,000 against \$1,463,221,000, decrease 5.4%. Group was \$1,184,408,000 against \$1,334,096,000, decrease 11.2%.

RESEARCH BUREAU REPORT

The Sales Research Bureau reports that the sales of ordinary insurance in November totaled \$726,452,000 which was an increase of 11% over the same month a year ago. For the first 11 months, according to the Research Bureau, the ordinary sales totaled \$7,722,655,000 or an increase of 13½% over the parallel period of 1943.

U. S. and Canadian Companies Buy \$2½ Billion of Bonds

Total subscriptions by American and Canadian life companies in the 6th war loan drive amounted to more than \$2,560,000,000, according to the Institute of Life Insurance. This compares with approximately \$2,100,000,000 subscribed by the companies in the 5th war loan drive and \$1,700,000,000 in the 4th. With purchases of U. S. government securities amounting to \$5,557,000,000 in the early months of 1944, the gross purchase of U. S. securities by life companies are \$8,117,000,000 this year.

Equitable Society has subscribed for \$513,957,000 in the 6th war loan, T. I. Parkinson, president, announced at the luncheon honoring A. G. Borden, 2nd vice-president, on his 50th anniversary with the company. Of this, \$13,957,000 was made in fulfillment of its pledge to invest double the amount of premiums originated by the agency force during the "all out for victory" campaign in October in which the premiums were \$6,972,079. Equitable also subscribed \$500 million in the 5th loan drive.

Mutual Life, New York, has made an additional subscription of \$15 million in 6th war loan bonds, bringing its total in the current drive to \$130 million.

St. Louis Mutual Life has purchased \$500,000 in bonds on the current war loan drive. Group Hospital Service has purchased \$150,000.

The purchase of \$20 million in war bonds by Kansas City Life sent the Kansas City quota of \$70 million in the 6th war loan over the top. This was not only the largest purchase of any war loan in Kansas City, but the largest single transaction in any campaign in the city's history. Kansas City Life employees' purchases totaled more than \$14,000.

Farm Bureau Life of Columbus invested \$200,000 and the affiliated Eureka-Maryland Assurance invested \$600,000 in the sixth war loan drive.

PS Ruling on Payments Before Actual Retirement

WASHINGTON — Profit-sharing plans providing for distribution of benefits upon attainment of a certain age, regardless of whether an employee actually retires then, may meet requirements of section 165(a), the internal revenue bureau has ruled in PS 44, which states:

Advice is requested as to the effect on qualification of profit-sharing plans under section 165(a) of the internal revenue code, as amended, of various provisions applying in case of continuance in employment after a stated age.

May Meet Requirements

A profit-sharing plan which provides for distribution or payment of benefits upon the attainment of a stated age, regardless of whether the employee actually retires at such age, may meet the requirements of section 165(a). Attention is directed, however, to S.S.U. No. 37 (as amended by Supp. February 23, 1944) which provides in part that contributions to a profit-sharing plan will not be approved where the plan is for the purpose of distributing deferred salary increases, for example, where distribution may be made at normal retirement age 65 although the employee continues in his work.

A provision for continued participation under the plan and contributions to provide additional benefits for employees who remain in employment beyond the stated age does not affect the qualification of a profit-sharing plan under section 165(a).

Arrangements made between an employer and employee regarding the compensation to be paid for services rendered have no bearing on qualification of the plan under section 165(a).

Poetic Greetings Give Picture of Biddle Role

Henry S. Moser, member of the firm of Sonnenschein, Berkson, Lautmann, Levinson & Morse, Chicago, and chairman of the insurance section of the American Bar Association, turns to poetry to express Christmas greetings, as he did last year. Following is the poem:

Little Francis Biddle's come to our yard to play,
To break up combinations an' brush states' rights away,
An' shoo the bureaus off their perch, reduce our rates and sweep,
An' build a fire, for commiss'ners, an' burn them in a heap;
An' all us 'surance 'ficals, when each day's work is done,
We set around home offices, an' has the leastest fun
A list'nin to the witch-tales 'at Biddle tells about,
"That the Goverment 'll git you Ef you don't watch out!"
An' Biddle found some comp'nies as wouldn't cut their rates,
On some 'sured's policies, 'cause forbidden by the states.
They soon heard Biddle holler — "Anti Trust!" they heerd him bawl,
'Ats "Restraint of Trade and Commerce — you can't do that at all!"
He sued them in the District Court, in Atlanta, an' the press,
An' he sued them in the Supreme Court, an' ever'wheres, I guess,
Until four judges said — 'tis no fairy tale, 'at Biddle tells about,
Yes, the Goverment git you Ef you don't watch out!
So now you runs to Congress, praying, as you hope,
That it perhaps will save you, with some legislative dope.
And now it's Xmas Season, an' it's nearly New Years, too,
I hope you all enjoys them, an' many others, too.
That you'll be free forever, an' that Congress sets things right,
May there be peace among you, no more internal fight,
Or else, I fear, 'at there is very little doubt,
That the Goverment 'll git us So we best watch out!

Congress Adjourns; Insurance Bills Not Called Up

Stock Fire Group Rejects O'Mahoney-Biddle Anti-Trust Exemption Substitute

WASHINGTON — Congress adjourned Tuesday night without having taken up the insurance legislation.

As Congress rolled along toward adjournment two substitutes for the Walter bill were offered in the Senate. On Monday, Senators McCarran and Ferguson formally introduced the compromise proposal agreed to last week by the commissioners and industry representatives. Senators O'Mahoney and Hatch offered a different proposal fashioned between O'Mahoney and the commissioners, which was agreed to by industry representatives, except those of the stock fire group, and the substance of which is stated to have received Department of Justice approval.

This latter proposal would limit the moratorium from the anti-trust laws to March 1, 1946, and states its purpose as being to enable the states to make their insurance laws conform to provisions of the new bill, of the anti-trust laws, and of the constitution.

Both substitute proposals retained prohibition against boycott, intimidation and coercion, even during the moratorium period.

"So much time was occupied in an effort to bring about an understanding, which was not successful," said O'Mahoney to THE NATIONAL UNDERWRITER, "that it is impossible to get action at present. The conflict finally resolved into whether there should be established a 4-year moratorium, without explanation of its purpose, or a moratorium of sufficient time to allow the state legislatures which will come into session in January to act, with a specific declaration that that was the purpose.

Favors Specific Exemption

"The Bailey-Walter bill, from the very beginning, was intended to secure complete blanket exemption for the entire insurance business from the anti-trust laws. That exemption was always resisted, upon the ground that what the insurance industry ought to have is a specific exemption for specific kinds of combination and cooperative action.

"There never was any objection from any source—and certainly not from me—to granting an exemption from the provisions of the anti-trust laws for specific types of cooperative work, like establishment of rating bureaus, agreements or cooperative action on policy forms, the gathering of statistics, and the like.

"When the state commissioners came to Washington after the congressional recess, their proposal called for a 4-year moratorium, which would have put the whole thing into the next presidential campaign. Of course, it was used as a political football during the recent campaign. Of course a 4-year moratorium would run long after the sessions of the legislatures of 1945 would have adjourned. And of course, there was no explanation of the purpose of the moratorium in the commissioners' program.

"At the request of Senator Bailey, I took their proposal and changed the

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Kingsley Retires as Chairman After 60 Penn Mutual Years

George R. White Elected Secretary as Sydney A. Smith Retires

President John A. Stevenson of Penn Mutual Life announces the retirement of William H. Kingsley as chairman, the retirement of Sydney A. Smith as secretary, and the election of George R. White as secretary.

Mr. Kingsley is retiring after almost 60 years of service with the Penn Mutual. He has served over a longer period of years than any man in the company's annals and was the only employee to



WILLIAM H. KINGSLEY

have worked his way from office boy to president.

Mr. Kingsley started with Penn Mutual Aug. 10, 1885, after his graduation from Girard College; later served as western financial representative from 1896 to 1903. Since then he has served as secretary-treasurer, and vice-president, and was president from 1936 to 1939, when he was elected chairman. In 1935 company officials and executives from his own and other cities celebrated his golden anniversary when he completed 50 years of service.

Mr. Kingsley was elected in 1920 to the board of city trusts of Philadelphia, which has under its management Mr. Kingsley's alma mater, Girard College. Since 1940 he has been president of the board of city trusts and he is one of only two graduates of the college who ever reached election to that board.

Mr. Kingsley served for three years as president of the Insurance Federation of Pennsylvania, and was chairman of the Life Presidents Association. He is a director of Philadelphia National Bank, Fire Association, and United Firemen's.

Mr. Smith retires after 54 years' service. He has been secretary for almost a quarter of a century.

Mr. Smith is a graduate of Germantown Academy and also took special courses at the Bryant & Stratton business college. After working one year in the printing business he began his association with Penn Mutual in 1890. He was appointed cashier in 1903 and in 1914 was appointed assistant secretary. He was elected secretary in 1921.

He is a trustee of Germantown Acad-

Enact Clearance Dates for New Pension Plans

WASHINGTON — Congress adjourned without President Roosevelt having signed HR 5543, to extend until June 30, 1945, the time for securing approval of pension trust plans under internal revenue law and regulations. However, the White House reported receipt of the bill there Dec. 13 and that the President has until Christmas day in which to consider approving it.

In addition to extending to June 30, 1945, the deadline for securing Treasury Department approval of pension and profit sharing plans that were put into effect prior to Dec. 31, 1944, the bill that was passed by the House and Senate includes provisions respecting plans that are put into effect after Dec. 31, 1944. It provides that a stock bonus, pension, profit sharing or annuity plan "put into effect after Dec. 31, 1944, shall be considered as satisfying the requirements of Section 165 (a) (3), (4), (5) and (6) for the period beginning with the date on which it was put into effect and ending with the 15th day of the third month following the close of the taxable year of the employer in which the plan was put into effect, if all provisions of the plan which are necessary to satisfy such requirements are in effect by the end of such period and have been made effective for all purposes with respect to the whole of such period."

That means, for instance, that an employer whose taxable year is the calendar year 1945 must get internal revenue bureau clearance by March 15, 1946, for any plan that is put into effect during 1945.

Heretofore there has been no statutory time limit concerning plans put into effect after Dec. 31, 1944.

In recommending the bill to the Senate, the finance committee expressed the opinion that the time extension proposed in the House bill from Jan. 1, 1945, to March 15, 1945, "to enable amendments to be made to pension plans put into effect prior to Jan. 1, 1945, was insufficient to permit compliance with the requirements of the statute." Therefore, the committee amended the extension to June 30.

The House ways and means committee recommending the bill, made it clear the adjustment of pension plans is to meet requirements of paragraphs (3), (4), (5), and (6) of section 165 (a), internal revenue code. The House report then discussed the two sections of the bill as follows:

"These paragraphs deal with requirements as to coverage, contributions, and benefits and prohibit discrimination in favor of officers, stockholders, highly paid and supervisory employees. Under present law, such requirements must be met by Dec. 31, 1944, and the provisions of any plan which are necessary to meet such requirements must be made effective for all purposes as of Jan. 1, 1944, or the effective date of the plan if it became effective after Jan. 1, 1944. Because the statutory requirements are necessarily technical, many employers may have to make changes in their plans. Accordingly, there is likely to be a number of applications for rulings as to their taxable status

and treasurer of Germantown Historical Society. He has served as divisional representative of the USO.

Mr. White has served as actuary since 1927 and is administrator of the company's retirement plan. He has been in the company's employ 47 years. Starting as an office boy in 1897 he became assistant actuary in 1907 and associate actuary in 1924.

Mr. White is the son of Commodore George B. White of the U. S. Navy. He is a graduate of Germantown Academy and is a trustee of that institution.

Dr. Jaquith Retires



DR. W. A. JAQUITH

Dr. Walter A. Jaquith is retiring as consulting medical director of Columbus Mutual Life. He went with Columbus Mutual as medical director in 1934 and continued in that capacity until 1942 when he was elected consulting director. He has been a member of the board since 1938.

He served as president of the Association of Life Insurance Medical Directors in 1917-18 and is senior member of the executive council.

After his retirement he will reside at 11 Clark street, Chatham, N. J.

His son, Arthur B., is connected with the law department of Prudential.

Dr. Jaquith was with Prudential from 1905-20, serving as medical director the last seven years. Then he became vice-president and medical director of National Life, U. S. A., of Chicago. He was born in Canada in 1874.

Buyers Meeting Set for Mar. 12-13

NEW YORK—The usual mid-winter insurance conference of the American Management Association has been cancelled this year and because of this the dates of the spring conference usually held in June have been advanced to March 12-13. Sessions will be at the Hotel New Yorker here. The planning council, under A. M. Schmidt, insurance manager Johns-Manville Corp., has already met to plan the program.

Peterson Returns from Navy

After 21 months of active duty as a lieutenant in the navy, Elmer F. Peterson has returned to Portland, Ore., to resume his position as general agent of State Mutual Life. Stuart R. Strong has been acting general agent.

pending before the bureau on Dec. 31, 1944. The amendment makes it possible for employers to obtain rulings in such cases and to make any necessary retroactive amendments to their plans within the extended period without forfeiture of tax benefits for the taxable year 1944 and earlier taxable years affected by the 1942 amendments.

"Subsection (b) of section 2 also makes a somewhat similar provision with respect to plans adopted on or after Jan. 1, 1945. In such cases compliance with the requirements of section 165 (a) (3), (4), (5), and (6) will have to be effected before the fifteenth day of the third month following the close of the taxable year of the employer in which the plan is first put into effect. The provisions necessary to such compliance will have to be made retroactive for all purposes to the effective date of the plan."

Ruling by Internal Revenue Bureau Is Disturbing

Heavy Tax Increase on Existing Business Insurance Plans Is Involved

Complications in handling business insurance agreements and stock and partnership purchase arrangements have been imposed by a recent ruling by Joseph J. O'Connell, Jr., general counsel of the internal revenue bureau, and a previous opinion by the estate tax division of the U. S. tax court. The bureau's general counsel has ruled that under Section 126 of the revenue act the difference between the purchase (or cost) and selling price of stock of a partnership interest shall be considered to be capital gain in making the income tax return. The U. S. tax court opinion is that the fair market value of the stock or partnership interest should be included in the estimate for tax purposes in spite of a restrictive agreement fixing a lower price.

There have been conflicting statements from individuals in the bureau on this capital gains question so that lawyers and life agents have not been certain as to the right interpretation. The general counsel's ruling seems to settle the issue.

Affects Existing Arrangements

The effects of both rulings on business insurance arrangements are most drastic, according to Paul F. Millett of the Spindell-Millett Service, Chicago. The bulletin of Spindell-Millett Service which is to be released to subscribers in a day or two analyzes the effects of these rulings and by illustrations shows what they may mean in dollars and cents to stockholders in close corporations or partnerships who have bought life insurance to purchase interests of other persons.

One of the illustrations is of a man with assets of \$120,000 other than his share in the business, gross estate of \$210,000. He and another principal stockholder had agreed in writing that upon the death of either the survivor will buy his interest at a fixed price or pursuant to a fixed formula. The deceased stockholder's stock had a basis or cost of \$10,000 but the purchase price stipulated was \$100,000. The question presented in this typical case is whether the \$90,000 difference between decedent's basis and purchase (or fair market) price of \$100,000 at date of death is a capital gain to decedent's estate. Mr. O'Connell says yes.

Amounts to Large Tax

In this case the estate tax on the \$90,000 capital gain at 28% is \$25,200 leaving capital gain subject to tax \$64,800 and capital gains tax at 25% \$16,200. Adding back the federal estate tax of \$25,200 gives total income and estate taxes of \$41,400, or a net \$58,600 remaining from the proceeds of the life policy of \$100,000 which was taken to fund the stock purchase.

Spindell-Millett stress that the higher the deceased's estate tax, the less will be his capital gains tax, but in any case the addition of the larger capital gains tax to the estate tax "imposes a terrible burden of liquidation upon the estate." Section 126 was included in the revenue act by amendment when the National Association of Life Underwriters and other organizations got busy to correct the effects of the Enright case.

(CONTINUED ON LAST PAGE)

Agents Desire More Training and Sales Help, Survey Shows

Agency Management Committee of Bureau to Undertake Broad Study

NEW YORK—Life agents desire more, rather than less, assistance and training in their selling operations by local managers and the home office, it was found in a survey conducted among 1,000 agents of two companies by the Sales Research Bureau. Results of the study were considered at the two-day meeting here of the bureau's agency management committee headed by William P. Worthington, vice-president Home Life of New York.

The reports were presented by two company officers for whose companies the bureau recently made detailed studies of the attitude of fieldmen toward various matters in sales management. The findings in regard to assistance and training were in distinct contradiction to the opinion frequently held that salesmen resent such direction.

Seek More Accurate Facts

The procedure which the bureau has developed in recent months is designed to give home offices more accurate facts concerning the opinions of salesmen than is frequently held by agency officers. While it is widely recognized that the opinion of the field on many matters is of great importance, there has never previously in life insurance been any detailed effort made to find out exactly what the salesmen believe at a given time. The new project is being handled by Laurence S. Morrison, director of the bureau's research division. Stephen Habbe and his staff have been giving virtually full time to this study during recent months.

The whole purpose of these studies is to strengthen the teamwork between the home office and the field by bringing to each the opinions of the other and thus providing management with a more precise tool than has previously been available.

Another field of investigation which the committee approved is a study of home office agency procedure. More detailed information concerning the operations of the agency department is desirable than has previously been available.

Establish Standard Procedure

The committee on agency management believes that a standard basis of interrogation can be devised so that a bureau investigator can not only secure information concerning selection, training and compensation, but also material dealing with the objectives of a company in its agency operations, the principles which govern their procedures and lastly the methods used in following those principles to the desired end. By using a standard method of investigation the committee believes that there will be developed a body of information on agency management which will more accurately reflect not only present practices and results but the reasons behind those practices.

This investigation will be under the direction of L. W. S. Chapman, the bureau's director of service. As is customary in bureau operations, the material secured from companies will be entirely confidential within the bureau and company identity will not be divulged by them, but the committee will have the benefit of the overall picture of

Shows Increase in War Death Rate

The annual rate of war deaths due to enemy action per 100,000 policyholders of Metropolitan Life for the first 10 months of 1944 was 55.1. During the same period of 1943 the figure was 13.2 and in 1942 it was 4.1. For October, 1944, it was 116.2 and that is contrasted with 18.5 in October, 1943.

Seek 2% Tax on All Lines in Mich.

LANSING, MICH.—Commissioner Forbes, who recently announced he would seek legislation to tax premiums of Michigan carriers as well as outsiders, now says he will recommend a uniform 2% tax on premiums of all classes of carriers, in lieu of the present varying sale. Fire premiums now are taxed 3% and life and casualty 2%.

Estimates \$454,000 Yield

The commissioner estimates that a flat 2% tax on the business of all Michigan carriers would realize approximately \$454,000 annually on the present volume of business, which would more than counter balance the loss in revenue from the reduction in the fire premium tax.

He wants the law changed in time to apply to 1945 business. Taxes on 1944 business fall due April 1.

agency management as practiced in a group of typical companies.

The committee expects to meet approximately every 60 days and at each meeting it is anticipated that these two principal projects will be discussed, results checked and plans for the future developed.

Human Element More Vital Than Ever; Key Man Cover

NEW YORK—The human factor is the activating force or power plant that makes the business machinery go and key man insurance is analogous to business interruption coverage in fire insurance, J. E. Bragg, manager Guardian Life and president American Society of C.L.U., told the business insurance course sponsored by the New York City Life Underwriters Association. The making of a profit is the essence of a successful business. One of the essential factors in profit is risk. Management is a human factor and a business can't make a profit unless risks are managed, he said. The biggest risk is total destruction through death and key man insurance hedges against the risk of loss of the factor which upsets all other risks.

New Lecture Series Jan. 25

The lecture concluded a series on business insurance of which J. Fred Speer, Equitable Society, educational vice-president, asserted "many were kind enough to say was the finest educational course ever run by the association." As the next educational feature, Mr. Speer announced that beginning Jan. 25, a series of five talks would be given, each by a different agency vice-president, whose remarks would be commented on by a producers' panel after each talk. The subject of all five will be increasing the agent's efficiency by weighing his accomplishments in the light of his potentialities. Halsey Josephson, Mutual Benefit, is chairman of the series.

Profit is the reward an enterpriser receives for his business venture, Mr. Bragg stated. It comes from a willing-

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Premium Tax Answers May Come in Okla. Case

Lincoln National Life Action Is Likely to Be Key Case

Many of the questions that insurance lawyers, constitutional and otherwise, and insurance commissioners and state attorneys general departments are pondering relative to the validity of state premium taxes may be resolved in the Oklahoma premium tax case which Lincoln National Life lost recently before the state supreme court and which, it is understood, it is appealing to the U. S. Supreme Court. If the U. S. Supreme Court decides this case on its merits and does not duck the issue on a technicality, it is believed that most of the state premium tax issues that are perplexing the insurance companies and state officials will be settled one way or the other.

Incidentally there seems to be a growing conviction on the part of lawyers that the Supreme Court decision in the S.E.U.A. case making the commerce clause of the federal constitution applicable to insurance, does not introduce a new element into the state premium tax problem; that if state premium taxes are violative of the commerce clause as an unequal burden on interstate commerce, they are also violative of the equal protection clause of the constitution which has always been available to insurance companies. Lincoln National brought the Oklahoma case long before the S.E.U.A. decision was handed down and the constitutional question that it has pleaded so far is that the Oklahoma tax violates the equal protection clause.

S.E.U.A. Case Is Agitator

What the S.E.U.A. decision has done, many observers now believe, is simply to focus attention on these state premium taxes and to agitate questions that heretofore have not come to the surface. As a matter of fact, in the Oklahoma case there was an earnest effort made on the part of a number of insurers to suppress the litigation. A number of companies that are required to pay no premium tax in their state of domicile sought to prevent the Oklahoma tax from being litigated because they feared the possibility that the U. S. Supreme Court might, under the equal protection clause, invalidate a law that taxes foreign insurers without taxing a home state company. Also, the Oklahoma governor had indicated that the law would be changed in due course.

Lincoln National Life and Great Northern Life of Chicago, however, declined to dismiss their actions and it appears that if Lincoln National wins this case in the Supreme Court, it will be the only company that will have a proper claim for refund of taxes paid in Oklahoma since the time that the 4% premium tax law was enacted in 1941. Great Northern is likely to have a proper claim for refund for certain of those years but lawyers believe that none of the other companies will have grounds to recover for taxes that they have paid since that time.

Law Passed in 1941

The Oklahoma legislature in 1941 passed a law increasing the premium tax from 2% to 4%. The law became effective April 25, 1941, but the insurance commissioner collected the 4% tax for the entire year 1941.

In its recent decision in the Lincoln (CONTINUED ON PAGE 8)

Forest Undergrowth

By 1686 William Penn had to write this proclamation concerning the progress of the once primeval forest of Pennsylvania:—

"I took great care whilst I was in the Province to prevent people cutting wood and especially timber off from other men's lots, and foreseeing the scarcity that would quickly follow, I did appoint a woodsman who was instructed to grant such trees as belonged not to any private person, and in such number as the case deserved and for his pains to receive 6d per tree. I am credibly informed that some of the people of Philadelphia have been very irregular and injurious herein.

"And because one of the evil consequences of destroying the timber so irregularly has been the growth of underwood, which does not only hinder the town stock of the benefit they might else have, and render the town more a wilderness, but if not cleared and prevented may become a common nuisance, by being a covert for vermin and too often for loose and evil persons, I have thought fit to require my said commissioners and they are hereby ordered to present this to the inhabitants of the town whose accommodation has been for the most part the cause of this inconvenience, and they also are hereby required to take some effectual course to clear the ground of such underwoods with all convenient speed."

1644-1944 WILLIAM PENN TERCENTENARY

* * *

THE PENN MUTUAL LIFE INSURANCE CO.

WILLIAM H. KINGSLEY
Chairman of the Board

JOHN A. STEVENSON
President

INDEPENDENCE SQUARE, PHILADELPHIA

FDR Signature of SS Freeze Surprise; Aids Adjournment

WASHINGTON—President Roosevelt surprised members of Congress and helped toward early adjournment of that body by "reluctantly" signing the social security tax freeze bill Saturday.

In accepting the freeze legislation the President pointed out that both political parties are on record for more comprehensive coverage and stated that he would submit to Congress at an early date plans for broadening and improving the social security system.

When that time comes, he hoped that "a clear understanding of the government's financial responsibilities for social security will emerge and that a long-term plan for allocating the costs of social security will be developed."

Meanwhile, Rep. Dingell, Michigan, announced he will seek hearings early in the new year on the Wagner-Murray-Dingell bill, to be reintroduced, perhaps in modified form. Their bill in this Congress provides for hospitalization and health insurance or medical care, in addition to expanding OASI coverage, increasing benefits, and making special provision for veterans. Federalization of the unemployment compensation feature of social security has also been proposed by administration leaders.

The President stated that the scheduled rate increase, which has been repeatedly postponed by Congress, should be permitted to go into effect. The long-run financial requirements of the social security system justified adherence to the scheduled increase, and the increase was consistent with wartime fiscal requirements.

"I feel sure that the Congress does not intend to jeopardize in any way the benefit rights which have already been built up in the past and which will continue to grow in the future. However, I am less disturbed, in view of the expressed commitments of both major political parties for comprehensive coverage under old-age and survivors insurance, by the present situation.

"Two matters should be clearly understood. The Congress should realize that this bill deferring a statutory increase in contributions toward existing social security merely defers until next year the necessary fiscal receipts to pay the benefits. Also, it does not seem to me wholly sound to enact a tax law and then defer the taxes year after year.

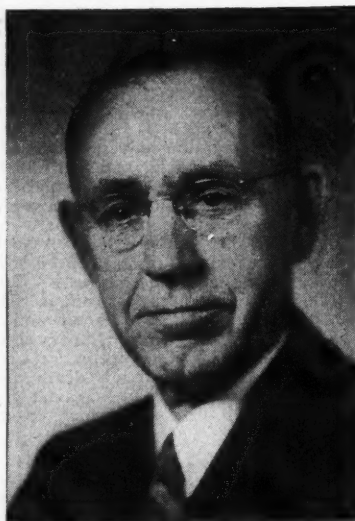
"The public will understand that as a nation we are committed to social security and will undoubtedly increase and not decrease its benefits. Already some other nations have a larger degree of social security than we. This bill in no way modifies the benefits provided by the present law. But it will be incumbent upon the next Congress thoroughly to review the methods of financing them.

"At an early date I plan to submit to the Congress a comprehensive plan for broadening and improving the social security system. At that time, I hope that a clear understanding of the government's financial responsibilities for social security will emerge and that a long-term plan for allocating the costs of social security will be developed. The executive branch of the government will always stand ready then to assist the Congress in working out a satisfactory solution."

Sullivan Good Vote Getter

The final vote in the state of Washington shows that Commissioner Sullivan received the second highest majority of all on the ticket in that state. His vote was 462,221 as against 311,293 for G. B. Lamping, Republican candidate, the majority being 150,928. The secretary of state was the only one to get a better majority. Sullivan's majority exceeded that of the President by about 25,000, that of the U. S. Senator by about 63,000, and that of the governor by 127,000.

Guarantee Mutual Oldest Employee 35-Year Man



C. R. CONNOLLY

C. R. Connolly, assistant secretary of Guarantee Mutual Life and its oldest employee, has completed 35 years of service. He began in the supply department at a time when there were only seven employees in the company. He enlisted in 1917, in Base Hospital 49 which was formed by Dr. A. C. Stokes, then medical director, and composed mainly of University of Nebraska students. Mr. Connolly was honorably discharged in 1919.

Confer as to Future of Life Insurance Education

NEW YORK—Representatives of the Life Association of America, American Life Convention, Life Agency Officers Association, National Association of Life Underwriters, American College and American Society of C. L. U. held a harmonious meeting here to discuss various angles of the future of life insurance education and training.

The conference was held at the invitation of the N.A.L.U. Clifford Orr, general agent in Philadelphia of National Life of Vermont and chairman N.A.L.U. educational committee, described the N.A.L.U. program at the annual convention in Detroit.

Those present included: For the Life Association of America: Vice-president Paul F. Clark of John Hancock, representing President J. A. Fulton of Home Life, the association's president; V. P. Whitsitt, association manager, and B. E. Shepherd, its actuary; for the A.L.C., L. F. Lee, president Occidental Life of North Carolina; Agency Officers Association, Grant L. Hill, director of agencies Northwestern Mutual; C. O. Fischer, vice-president Massachusetts Mutual; J. Roger Hull, vice-president and manager of agencies Mutual Life; Dudley Dowell, vice-president New York Life, and J. M. Holcombe, manager Sales Research Bureau; N.A.L.U., W. H. Andrews, Jr., Jefferson Standard, Greensboro, president; J. E. Rutherford, executive vice-president, and W. E. Jones, executive secretary; American College, Julian S. Myrick, second vice-president Mutual Life; American Society C.L.U., J. E. Bragg, Guardian Life, New York, president, and Irvin Bendiner, New York Life, Philadelphia, chairman of the society's educational committee.

Defer A.I.U. Building Sale

Sale of the A.I.U. building in Columbus, now in the hands of receivers, has been set for Jan. 3, having been postponed from Dec. 18. The sale will provide funds for payments of thousands of claims against the old American Insurance Union, in liquidation for many years. Superintendent Crabbe is one of the receivers.

Shows Investment Trend Effect on Insurance Costs

B. G. Ball, assistant treasurer of Columbus Mutual Life, in addressing a recent meeting of Michigan representatives, conveyed in a graphic way the effect of trends in the investment field on life insurance costs. He observed that the difference between interest rates in 1929 and those of 1944, based on present assets of all companies amounts to \$650 million. That would be sufficient to enable participating companies to more than double policy dividends.

In 15 years, he observed, assets have increased by \$20 billion, yet companies have been able to invest only one-third of that through private channels. Last year assets increased by \$2 billion 750 million yet every investment item but government bonds and cash either virtually stood still or showed a reduction.

Columbus Mutual U. S. bonds increased from \$6 million at Jan. 1, 1943, to \$20 million Oct. 1, 1944, from about 15% to 40% of assets. The mortgage loan account was reduced by \$2½ million, municipal bonds by \$2 million and the real estate and policy loan accounts are each \$1 million less.

Government bonds bring in an average yield of about 2½% while items that have been reduced represent investments yielding from 3 to 6%.

Indicating the effect of interest earned on costs, Mr. Ball pointed out that net premium for an ordinary life issued at 35 on the basis of a modern mortality table is \$16.36, assuming interest at 3½%. If no allowance is made for interest earnings, the premium would be \$28.15 or \$11.79 higher.

The net rate of interest earned last year by Columbus Mutual was 3.94% compared with an average of 3.21% for the 19 largest companies.

Mr. Ball admitted that part of the decrease in the mortgage loan account was due to voluntary action on the part of the company which was able to dispose of investments that had become undesirable.

The reduction in the municipal bond account was also to some extent voluntary. As income taxes increase, the non-taxable feature of outstanding issues of municipals became increasingly important to investors in general and created an unusual market. The non-taxable feature does not affect an insurance company because of the manner in which its income taxes are computed. It, therefore, appeared to be to the advantage of Columbus Mutual to sell some of its shorter maturities at the high profit being offered. In 1943 Columbus Mutual sold about \$2 million of municipal bonds at a profit of more than \$90,000.

Mr. Ball expressed the belief that for a while at least insurance companies are in for a period of reduced earnings on invested assets. The solution seems to lie in the possibility of opening new investment outlets. It is likely that some life insurance funds after the war will go into housing developments and even into business property.

Form Cincinnati Trust Council

William A. Stark, vice-president of the Fifth-Third Union Trust Co., has been elected president of the newly formed Cincinnati Life Insurance & Trust Council. C. Vivian Anderson, Provident Mutual, was named vice-president and H. G. Bechtel, Jr., assistant trust officer of the Central Trust Co., secretary-treasurer.

Life insurance members on the executive committee are B. H. Wulfekoetter, Massachusetts Mutual; L. B. Scheuer, State Mutual; Guy D. Randolph, New England Mutual, and trust men on the committee are W. E. Anderson, Central Trust Co.; John A. Reid, First National Bank, and M. D. Conklin, estate consultant of the Fifth-Third Union Trust Co.

N. Y. and Pittsburgh Life Men Push War Bond Sales

NEW YORK—The life insurance division of the War Finance Committee for New York accounted for 207,346 individual sales in the sixth war loan through Dec. 7, for a total of \$60,812,988, Chairman Gale F. Johnston, third vice-president Metropolitan Life, reports.

The Metropolitan Life group made 74,191 sales for \$33,790,705. This company's employees made 21,110 sales during the week ending on Dec. 7, for \$11,366,455. Blue star brigade ribbons indicating 10 or more sales each have been awarded to 1,668 members of Metropolitan's home office personnel.

War bond sales by employees of New York Life through Dec. 7, were 58,301 with a value of \$19,854,201. One team of 44 in the surrender value division, has made 4,823 cash sales to individuals for a total of \$914,475. Every member of the team has sold at least 50 war bonds and no one on the team has a rank lower than that of colonel in the blue star brigade. The team has 10 lieutenant generals, three major generals, four brigadier generals and 27 colonels in the blue star organization.

Equitable Society employees reported 24,760 individual sales for a total of \$4,000,000; John Hancock Mutual, 12,000 sales for \$1,700,000; Prudential, over 10,000 sales for over \$980,000; Mutual Life, N. Y., over 10,400 sales for \$2,211,000; Manhattan Life, 845 sales over \$2,135,000; Home Life, N. Y., over 1,470 sales for \$409,000; Guardian Life, 1,740 sales for \$472,000; U.S. Life, 215 sales for \$18,000; 85 general agents of other companies, 757 sales for \$119,280.

SUCCESSFUL PITTSBURGH DRIVE

PITTSBURGH—Life insurance men sold \$3,153,869 in war bonds in the sixth war loan campaign in Allegheny county, a 210% gain over the fifth campaign. Sales in western Pennsylvania by life men total over \$6,000,000. Approximately 73% of all "E" bond sales now come through payroll savings plans established by life men, according to Donald W. Hooton, Pittsburgh general agent John Hancock, director of public relations for the sixth war loan here. A large bank here had a war bond window display calling attention to the fact that life insurance men were selling bonds in the campaign.

NWLB Declines to Order Group Cover Into Effect

WASHINGTON—The principle of group insurance is approved by the national war labor board in its decision on the so-called basic steel case, in which various items of increase were allowed steel workers. However, it declined to order into effect group insurance on the basis of the facts submitted. In its directive order in the case, entitled Carnegie-Illinois Steel Corp., and others and CIO United Steelworkers of America, the board said:

"The board will approve, under the wage stabilization program, reasonable group insurance plans agreed to by the company and the union but it declines to order such a plan on the facts in these cases."

Neil Brant and John Brophy, CIO members of the board, dissented with respect to this point in the board's order.

Pa. Agents Break Record

Pennsylvania agents for Farm Bureau Life during their anniversary month celebration produced \$4,635,313 or an average of \$11,813 per agent. The record previously had been slightly over \$10,000 per agent held by the Ohio agents. Twenty-three agents became members of the \$50,000 club by virtue of their production of that amount or more during the month, breaking another record.

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Ark. Commissioner Has Insurance Background

Jack G. McKenzie, who has been named by Governor-elect Ben Laney as Arkansas insurance commissioner, has an insurance background and a wide acquaintance among local agents, company men, and law enforcement officers in the state. He has been special agent of The National Board of Fire Underwriters in Arkansas since 1937.



He is an attorney and practiced law at Shawnee, Okla., and was in the state fire marshal's office.

Home Life Training Parley Held at Home Office

NEW YORK—Sixteen of a group of 33 field underwriters who have been appointed by the Home Life since July, attended a training conference at the home office here. Several men who had been trained in the sales planning division previously did not attend. None of the 16 had any previous life insurance experience before joining Home Life in July, yet their average paid production per man per month is \$20,355.

The purpose of the home office school is to follow through on the basic training received in the agencies and to develop effective planning. Lecturers included Owen C. Lincoln, actuary; a discussion of general underwriting problems by Dr. G. E. Woodford, medical director, and M. L. Cleaves, underwriting secretary; a discussion of Home Life's retirement plan for the field force by W. J. Cameron, executive vice-president, and a review of the "Planning Manual" by J. E. Barton, planning manager.

The group was entertained by the agency department at a dinner. At a luncheon on the final day, James A. Fulton, president, and William P. Worthington, vice-president and superintendent of agencies, spoke.

The school was under the direction of John H. Evans, manager sales planning division.

Recruiting Affected by New Manpower Stringency

NEW YORK—Tightening of manpower regulations with the apparent sudden realization that the end of the war is still a long distance off will undoubtedly have some effects in the life agency field. The interest in recruiting of women agents, which seems to have slackened in recent months, may be intensified.

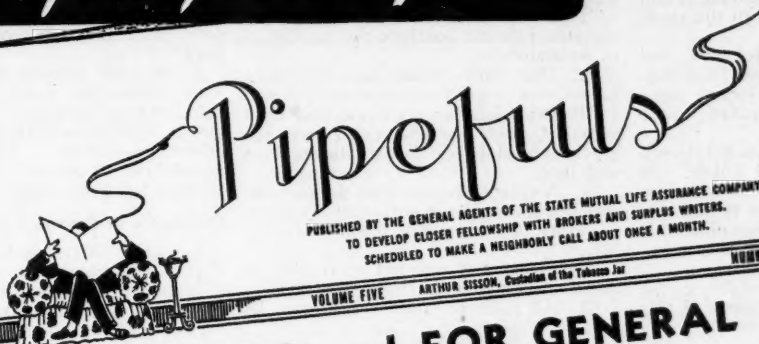
The new program appears intended primarily to check the exodus of workers from war work into positions regarded as having a good peace-time future and some who went into life insurance have been drafted recently. In one district alone, it is reported, the war manpower commission found 16,000 war workers had "disappeared."

Life companies have required release and referral before hiring an agent who had worked in an essential industry, but even this appears to offer no guarantee even when the agent had been laid off in his war work.

N. J. Bush to Joplin, Mo.

Prudential has promoted Norvelle J. Bush, assistant superintendent at Kansas City, Kan., to superintendent at Joplin, Mo. He joined the company at Denver in 1932 as an agent, was transferred to Kansas City, Kan., in 1934 and was made assistant superintendent in 1935.

Are You Getting it?



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"PIPEFULS," Mr. Broker, is edited especially for you.

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1844..Now in Our Second Century..1945

Insurance Bills Are Not Called Up

(CONTINUED FROM PAGE 1)

moratorium provision to the provision, substantially, in Commissioner Garrison's proposal of last summer, which was an attempt to name the particular kinds of cooperative action that ought to be exempted from the anti-trust laws.

All Agreed Except Stock Fire

"That was agreed to between the commissioners and myself. The commissioners put that plan up to the industry, and all agreed to it except some of the stock fire companies.

"Then Commissioners Johnson and Harrington came to me last Thursday. I told them I had no objection to a moratorium if it were identified in the bill what its purpose was.

"I arranged for a conference between them and Attorney General Biddle. On the commissioners' compromise proposals I wrote some language to indicate what I thought would accomplish this definition of the purpose of the moratorium, substantially as follows:

"For the purpose of enabling the states to conform to provisions of this

act, the Constitution and the anti-trust laws, the anti-trust laws should not apply until March 1, 1946, to the business of insurance or any acts in its conduct."

"The Attorney General said that form would be acceptable and that if it were adopted he would recommend signature of the bill, if passed.

"As thus amended, the proposal would have contained:

"1. A Congressional declaration that the states should continue the regulation of insurance.

"2. That they would have the right to continue to tax the insurance business.

"3. Provision for a moratorium until March 1, 1946, long enough to cover the sessions of state legislatures during 1945 and 1946.

"4. A clear statement that the purpose was not to evade the anti-trust laws, but to adjust the insurance business to the law.

"But even that was not acceptable to some stock fire interests.

"I still believe this thing can be

worked out," said O'Mahoney. "There has been considerable progress towards an understanding of the issue.

"A comparison of the amendments suggested by the commissioners, and agreed to by the industry, contained in the McCarran-Ferguson substitute, with provisions of the substitute offered by Senator Hatch and myself will show that the principal difference now is the moratorium period and the question as to what extent Congress, in granting a moratorium, shall state the purpose for which it is to be granted.

"The reason this difference has not been settled was undoubtedly due to the fact that there still is an effort to secure complete exemption from the anti-trust laws."

There were rumors that an eleventh hour cloakroom conference might be held among Senators McCarran, Ferguson, O'Mahoney, Hatch and possibly others interested, to see if there were possibilities of getting action on the insurance bill before adjournment.

Difference in Section 4 (A)

Essential difference between the McCarran compromise amendment and the O'Mahoney-Hatch substitute is found in section 4 (A) of the latter, reading:

"For the purposes of enabling the several states to adjust state laws to the provisions of this act, of the Constitution of the United States, of the act of July 2, 1890, as amended, known as the Sherman act, and the act of Oct. 15, 1914, known as the Clayton act, until March 1, 1946, the said Sherman and Clayton acts shall not apply to the business of insurance, or to acts in the conduct of such business."

It was pointed out by business representatives that this language would virtually require 48 state insurance laws to be enacted within the next 14 or 15 months—a practical impossibility, they say.

Following conferences with Attorney General Biddle and O'Mahoney, and being unable to obtain agreement by the stock fire group to modifications suggested by O'Mahoney, Commissioners Johnson and Harrington apparently gave up hope and left the city Sunday.

Senator Hill, acting majority leader, opposed calling up the measure, as he objected to consideration of insurance legislation by this Congress.

Look to Congress for Relief

The stock fire spokesman denied members of that group had conferred with the Attorney General last week. He said his group was not worrying about the department's attitude, O'Mahoney's opposition, or possibility of a presidential veto. "We are looking to Congress for relief," he said.

It was learned that conferees with Biddle included Senator Radcliffe, Maryland; Stuart Galloway, Fidelity & Deposit; Ray Murphy, general counsel Association of Casualty & Surety Executives, and Commissioners Johnson and Harrington.

After getting O'Mahoney's "ultimatum," which the commissioners agreed to, they renewed their contacts with industry group representatives. Life and mutual interests were reported willing to accept terms of the ultimatum. However, the stock fire group would not accept.

Nor would members of the Senate and House backing insurance legislation accept it, according to report. Some authorities said it would be impossible, or at least impracticable to make insurance state laws and regulations conform to federal laws, including anti-trust and labor, the Court decision and the Constitution.

Stock fire will not agree, according to report, to make the anti-trust less applicable to insurance after the suspension period.

The gossips said Biddle had drafted for the President a proposed veto of the Walter bill, "just in case."

Retention of section 4(c) in the compromise plan was regarded as a concession by E. L. Williams, stock-fire leader.

Caldwell Agency Manager at Denver

Max S. Caldwell has been appointed agency manager in the Williamson Agency of Connecticut Mutual Life at Denver. Mr. Caldwell will assist in the further development of the agency, particularly in the estate planning field which has been his specialty for many years.

Mr. Caldwell recently resigned as manager of the Denver office of Home Life, a position he has held for the last three years. His start in life insurance was as an agent in Omaha in 1932. Subsequently he was advanced to agency organizer.

"American College" in Wis.

MILWAUKEE—The American College of Life & Casualty Insurance Underwriters, Inc., of Milwaukee has filed articles of incorporation with the secretary of state at Madison. The purposes are stated as organizing, establishing, maintaining and conducting a general insurance agency. Incorporators are Burton L. Ambrose, L. W. Steckbar and J. F. Risher. According to Mr. Ambrose, who is a school teacher, the new corporation plans to conduct an educational course for persons desiring to become underwriters.

Two Travelers Assistant Cashiers

Directors of Travelers have appointed Raymond H. Howard and Henry J. Williams assistant cashiers. Mr. Howard has been with the company since 1909, in the treasurers office since 1915. Mr. Williams was with Phoenix Mutual Life 10 years before joining Travelers in 1918.

That section declares that nothing contained in section 4 "shall render the said Sherman act inapplicable to any act of boycott, coercion or intimidation."

A. V. Gruhn, American Mutual Alliance, and Robert Hogg, American Life Convention, were among industry representatives active here during the past few days.

Messrs. Harrington and Johnson worked diligently here in an effort to effect a last minute agreement on legislation, so that a bill could be rushed through without objection. They saw Biddle and a large number of Senators and Congressmen and they were well received and given attentive consideration. Their approach was non-contentious and it is believed they served to elevate the discussion of insurance legislation to a more objective plane.

The Bailey-Walter insurance states' rights bill having died, industry members are discussing legislative plans in the next Congress, coming in Jan. 3. Possibilities and prospects are reported to have been discussed at a New York meeting of casualty interests Tuesday.

Who will introduce what bill in the new Congress is not known as yet, except that Rep. Walter, Pennsylvania, has told THE NATIONAL UNDERWRITER he would reintroduce his bill.

However, Senator Bailey, North Carolina, will not reintroduce the bill bearing his name, according to authoritative information. He has been dissatisfied for some time with respect to the measure, did not try to get it up in the Senate in recent weeks, thought its modification necessary and suggested that O'Mahoney modify it. Bailey, however, may introduce a different insurance bill. The O'Mahoney-Hatch substitute is expected to reappear next Congress.

It is understood stock casualty interests were willing to accept the O'Mahoney-Hatch substitute in order to get action by the recent Congress. However, with the possibility of two years in which to win a fight for more liberal treatment of the industry, it was not known here whether they would still go along with that substitute, which stock fire refused to accept.

LOOKING TO THE FUTURE

During the last war, in 1916, the Shenandoah Life began business and showed healthy growth each year since... through the remainder of the war; through the readjustment period that followed; through the business recession of '21; the inflationary period that culminated in the crash of '29. The Shenandoah Life continued to grow through the depression; through the period of recovery; and now, almost through another war period. Against this background, the chances for future growth look very good.

Unusual opportunities for capable men exist now in Virginia, West Virginia, North Carolina, South Carolina, Tennessee, Alabama and Mississippi. Inquiries invited.



Shenandoah Life
INSURANCE COMPANY, Inc.
Roanoke 10, Virginia.

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Insurance Literature Prize Donated to Be Awarded by Teachers Group

Establishment of the Elizur Wright insurance literature prize to be awarded annually by the American Association of University Teachers of Insurance has been announced by Prof. Frank G. Dickinson of the University of Illinois, president of the association.

The winner will receive \$250 and a certificate. The award will be for the best insurance article, book, report, etc., published during the year. The executive committee of the association will choose the prize winner for 1944 in February or March after receiving suggestions from association members. Next year the selection may be placed in the hands of a special committee.

The donor of the prize is head of a midwestern insurance organization who wishes to remain anonymous. He agreed to provide the prize funds annually for five years and selected the name for the award.

Elizur Wright, in whose honor the prize is given, is known as "the father of legal reserve life insurance." A journalist, abolitionist and public leader, he was Massachusetts' first commissioner of insurance, 1858 to 1866, and wrote frequently on insurance as well as political topics.

Scranton Life 25-Year Club

President Robert Merriman of Scranton Life organized a 25-year club at the home office Christmas party at the Waverly Country Club. He presented to each of the 12 charter members an engraved silver platter.

Toronto Chapter Elects

W. W. Nixon, agency manager of Excelsior Life, has been elected chairman of the Toronto C.L.U. chapter to succeed C. K. Swartz, Imperial Life. Vice-chairman is J. J. O'Grady, Confederation Life; treasurer, S. B. Chadsey, Mutual Life of Canada; secretary, Andrew Elder, London Life.

Hear Talk On Direct Mail

The December meeting of the Keystone Group of the Life Advertisers Association in Philadelphia was featured by a talk on "Copy and Preparation of Direct Mail" by Earle A. Buckley, president of the Earle A. Buckley organization of Philadelphia.

N. C. Proposals Considered

RALEIGH, N. C. — The Guertin valuation and non-forfeiture measures were explained to the insurance legislative study commission at its conference here by J. M. Woolery of the state insurance department. An insurance advisory board composed of at least two persons experienced in insurance was proposed to consult with the insurance commissioner subject to his call. The commission, which will report to the 1945 legislature, devoted most of its efforts to fire and casualty legislation. Proposals were heard concerning investment, capital and surplus requirements of companies.

Hear Satterfield in Richmond

Dave E. Satterfield, Jr., who recently became general counsel of the Life Association of America, spoke briefly at a joint dinner-meeting of the Casualty & Surety Underwriters Association of Virginia, Insurance Exchange of Richmond and Stock Fire Insurance Field Club of Virginia in Richmond at which E. H. O'Connor, executive director Insurance Economics Society, was the chief speaker.

Makes Two Business Loans

Red Owl Stores, Inc., of Minneapolis, sold its \$1 million 15-year 4% note, due 1959, to Mutual Life.

Of the proceeds from this and other loans, approximately \$225,000 will be used to retire preferred stock and the

balance will be added to working capital. Sinking funds and serial maturities are sufficient to retire all these loans by 1959.

Thatcher Manufacturing Co., Elmira, N. Y., has obtained a \$2 million 15-year loan from Mutual Life.

WOW Issue to High Court

The U. S. Supreme Court has agreed to review the Nebraska supreme court ruling setting aside a lease on which radio station WOW, Inc., a new corporation, took over the radio station from Woodmen of the World.

The Nebraska court found there was

"constructive fraud" in the lease arrangement. It held that the close friendship between J. L. Gillin, Jr., president of WOW, and De E. Bradshaw, chairman of Woodmen of the World, resulted in terms unfavorable to the society.

Propose Change in Minn.

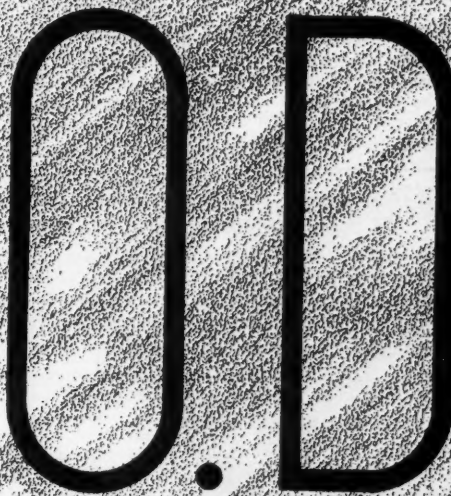
Insurance Department Setup

ST. PAUL—A change in the insurance department setup is proposed in the report which an interim legislature committee will make at the coming session of the legislature. It now is a part of

the department of commerce, the other divisions being banking and securities. The heads of the three divisions comprise the board which handles the department of commerce. The report suggests a technical man, trained and experienced, head each of the three divisions, with an overall policy man to supervise all three.

Pension Trust Forum in Buffalo

Joseph E. Bright, well known Buffalo authority on pension trusts, conducted a forum on the subject at the Dec. 19 luncheon meeting of the Buffalo C.L.U. chapter.



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FRANK L. BARNES, VICE PRESIDENT
In charge of Agencies

Answers May Come in Okla. Case

(CONTINUED FROM PAGE 3)

National case, the Oklahoma supreme court upheld the constitutionality of the 4% tax but also held that Commissioner Read had no right to collect the tax on premiums paid prior to April 25 of that year. In that respect Lincoln National won a partial victory in the state supreme court but it appears that none of the other companies have grounds for demanding a refund of taxes that they paid on account of premiums collected from Jan. 1 to April 25 of that year.

Lincoln National started its action in the state court against the insurance commissioner and state treasurer after having paid the tax under protest.

Great Northern Life pursued a somewhat different legal theory in its action and it lost out in one of its suits in a United Supreme Court decision that was given several months ago. Great Northern brought its case in the federal court.

At the same time that the Oklahoma premium tax was increased to 4% other changes were made in the tax law and a law was repealed providing that if a taxpayer pays taxes under protest he must file suit within 30 days. A law of identical language, at the same time, was enacted as part of the ad valorem tax code.

One of the important questions was whether the old law applied to a tax that is wholly void or whether it merely applied to cases of over assessment.

This first action of Great Northern

Life was brought against the state of Oklahoma. The U. S. Supreme Court held that if Great Northern were bringing its suit under the provisions of the statute requiring suit to be brought within 30 days then it should have brought the suit in state court.

Great Northern subsequently brought other actions abandoning reliance upon the law providing that suit must be filed within 30 days and also refraining from naming the state of Oklahoma as a defendant because if it is impossible to sue the state under the 30-day statute it is impossible to sue the state at all without its permission.

Great Northern concluded that its only remedy then was to sue Commissioner Read as an individual and it has done that in respect of the 1943 taxes in the state court and in respect of the 1942 taxes in federal court, the theory being that if Mr. Read has collected under duress an illegal tax he is personally responsible for it. The Great Northern suit disclaims that Mr. Read as insurance commissioner has any responsibility in the matter but contends that as an individual he is liable.

Question of Refund

So far as other companies are concerned, if Lincoln National should win a Supreme Court decision the question of getting a refund, if any, may be governed either by the statute of limitations or by whether the law requiring action to be brought within 30 days after pay-

ing a tax under protest is applicable to the type of tax under consideration. The chance seems slim that the companies can recover for taxes that have been paid in Oklahoma without protest.

Although the Lincoln National Oklahoma case is likely to be the first one to reach the Supreme Court it is very unlikely that the court will hand down an opinion in time to give insurance company taxpayers and the taxing authorities definite answers to guide them in the payment and collection of taxes on 1944 operations since most of these taxes are payable early in the year. Nor is it likely that the decision will come down in time to help the legislatures decide whether it is necessary to amend the tax laws in those states that impose a higher tax upon foreign insurers than upon domestic.

A number of companies apparently intend to pay taxes upon 1944 premiums under protest in certain states but in some of those states there are provisions in the laws requiring actions to be commenced within a certain period to give the protests any force. Hence, in some states the companies will have to decide not only whether to pay under protest but whether to bring litigation.

Berry Sees Federal Rule in 10 Years

J. Raymond Berry, general counsel of the National Board, was quoted this week as stating that there will be federal rate regulation of insurance in the next 10 years. Congress, he believes, will not pass any insurance legislation unless it has the support of the entire industry, and even if it passes the present compromise bill, the department of justice will continue in its efforts to get federal regulation.

Federal controls would, he thinks, leave the states the regulation of small mutuals and intrastate stock companies, plus taxing powers.

When the S. E. U. A. suit was filed, he said, the association had to admit the charges against it in order to plead that insurance was not interstate commerce. The association is not afraid of having the case tried on the charges brought, he indicated.

Tribute Paid to Arnold at Minneapolis Dinner

MINNEAPOLIS—A rare set of Robert Burns' works, 125 years old, was presented to President O. J. Arnold of Northwestern National Life, at a testimonial dinner sponsored by the Life Managers Association of Minneapolis in recognition of his services in the advancement of life insurance and civic progress. About 50 attended.

The affair was entirely social and in lighter vein. Because Minneapolis is a Scandinavian center, the toast topics were all in Swedish or Norwegian. Frank T. McNally, general agent of Massachusetts Mutual Life, was toastmaster and those responding included Edward J. Keating, general agent Equitable Society; Palmer Anderson, general agent Connecticut General; Miles H. McNally, Wirt Wilson & Co.; A. H. Hiatt, general agent Aetna Life; P. M. Ryan, general agent Mutual Benefit Life; Louis Gross, general agent, State Mutual Life; Commissioner Johnson; Wright W. Scott, general agent Lincoln National; Robert F. Shay, Bankers Life, who made the presentation, and Mr. Arnold.

Executives of life associations and companies and members of the Million Dollar Round Table were special guests.

Insurance Courses at Ohio State

Courses in life, fire and marine insurance will be taught in the twilight school at Ohio State University in Columbus, which will start Jan. 3. Prof. J. Wayne Ley will be in charge.

Diamond Life Bulletins increase sales. For details write 420 E. Fourth St., Cincinnati.

Appeal Action Against B.A.R.E. to U. S. Supreme Court

WASHINGTON—Appealing on constitutional grounds, Circuit Judge Miner of Chicago and Paul Willer Peterson, Chicago life insurance man, have petitioned the U. S. Supreme Court to review the decision of the Illinois supreme court in their case against Benefit Association of Railway Employees and individuals named.

B.A.R.E. brought mandamus proceedings in the Illinois supreme court to compel dismissal without prejudice of the suit; also for expunging of Judge Miner's orders requiring filing of certain documents, records, etc., relating to B.A.R.E.

Mr. Petersen had filed action on behalf of himself and other policyholders seeking removal of association officers and directors; also to declare their offices vacant, require a new election and make the present officers ineligible; also calling for accounting by the officers, and repayment of funds allegedly wrongfully disposed of.

The controversy is based on an alleged agreement of 1927 with Arthur J. Lindsley, making him exclusive agent, to be paid 20% of premiums for 10 years. Mr. Lindsley was the alleged nominee of a co-partnership consisting of himself and certain named respondents, and the arrangement was for their benefit, according to the petition.

Allegations Are Made

Petitioners say the company never paid dividends; directors made rebates of premiums in the guise of gifts to clubs and lodges; that unlicensed business was done; that commissions paid the agency or members were illegal. It is charged the association wrongfully paid to individuals a total of \$5,451,000 during the period 1934-41.

Petitioners claim they suffer deprivation of property without due process under the Illinois supreme court ruling that a derivative action for the benefit of an insurance corporation against its officers and directors for the misappropriation of corporate funds constitutes an interference with the company's "prosecution of business," which would bar action under state law.

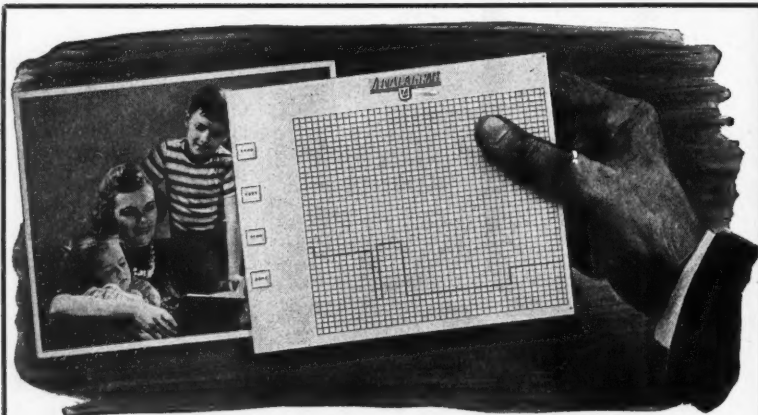
The question is raised whether such prohibition of action in behalf of the company for accounting of officers and directors deprives the company and members of property in violation of the constitution.

Petition says the practice of respondents complained of is followed by "many" mutual companies to enable them to withdraw profits; that this method deprives members of benefit of lower premium rates without there being corresponding benefit to the company and its members for large sums withdrawn as "overriding commissions" or for "supervision of agents."

Cites Pertinent Inquiry

WASHINGTON—In support of an item of \$207,000 in the deficiency appropriation bill for general administration in Department of Commerce, Chairman Cannon of the House appropriations committee submitted a number of sample inquiries received for information. They included one from George A. D. Muller, statistician securities department Fidelity Mutual Life, which Cannon said "appeals to all returning soldiers, as well as to business and industry." It reads:

"Would you please let me know whether the government publishes information showing the wealth of the individual states in the country; also, does it publish figures showing the income for individual states, and the average income for individual states, and the average income of the people living in the states? Have there been any figures prepared showing the standard of living as it exists in the individual states?"



The Two Family Pictures

One day a man proudly showed a visitor a picture of his fine family. "Let me draw you a very different picture," said the visitor. "It may amaze you. How would your family support themselves through the years—without you to help them? This picture tells you. Here is your oldest boy about to enter college. Look—how their income drops off! And at the very instant they need more money." "But," the man told the visitor, "I had planned it all so carefully! Can I change this unfortunate picture?" "Yes, indeed!" replied the visitor, who was a life insurance agent. "But let's not call it an unfortunate picture. It shows you the mistakes of the future—in time to correct them now. This 'Analograph' picture is the luckiest one you may ever see. Since, from it, I can now draw you a changed picture. And a brighter one!" Again the man was amazed. This time, because he saw clearly the future he might readily provide.

QUESTION: Which life insurance company analyzes and pictures a family's future by the Analograph?

ANSWER:



**The Mutual Benefit
Life Insurance Company**
Newark, New Jersey

(FROM OUR SERIES OF ADVERTISEMENTS IN NATIONAL MAGAZINES)

Life Companies' Mortgage Loan Position Outlined

The convention of the New Jersey Association of Real Estate Boards meeting at Atlantic City was addressed by L. Douglas Meredith, vice-president and chairman of the committee on finance of National Life of Vermont. "Bring on Your Borrowers," was the topic, and he emphasized that life companies are the largest mortgage lenders in the country. On Dec. 31, 1943, life companies held nearly \$7 billion of these loans or more than 25% of the total real estate mortgage indebtedness.

By the well organized but entirely voluntary system of lending facilities which has been developed by free enterprise, the insurance companies are enabled to render prompt service in the territories in which they lend, and at the same time keep fully informed as to local conditions, he said.

Insurance company loans, he declared, embody a pattern of financing designed for the borrower which includes much more than advance of money against a promise to pay. He described the monthly, quarterly, semi-annual or annual reduction of the loan, carefully based on the borrower's ability to pay. He said most companies loaned to 66% of the appraised value and some even higher, at current market rates of interest. Life companies take pride in their liberal attitude toward meritorious borrowers, he declared.

Praises FHA Setup

He praised the FHA for having made it possible for private investing institutions to assume risks otherwise hardly justifiable. He said these FHA insured loans had served "a most worthy social purpose," and asked "What better formula has yet been devised to aid the continuation of capitalistic and democratic freedom of enterprise?"

National Life has already announced its desire to aid returning veterans by making G.I. loans for homes, and will study farm loan and business loan regulations as soon as they are available.

He pointed out that character is an important collateral, and that the actual collateral must, when soundly valued, not only equal the loan but exceed it by a safe margin. Life insurance companies particularly must impress upon borrowers that they lend funds which are held in custody for others.

"While mortgage interest rates currently are low, a substantial and satisfactory spread must exist at all times between the rate on mortgage loans and that on government bonds or the mortgage ceases to be attractive." He showed that a gross rate of 4½% interest netted a probable return of approximately 3%. It was unattractive to go below that, since the investor could purchase long term government bonds at 2½% with no risk of loss.

Correction as to the New Titles in Sun Life

In reporting last week the appointment of George W. Bourke as general manager of Sun Life of Canada, THE NATIONAL UNDERWRITER in the headline erroneously stated that Mr. Bourke's new position was that of managing director and in the text it was stated that A. B. Wood, who is president and also managing director, no longer holds the latter title. As a matter of fact there has been no change in Mr. Wood's position. He is still managing director as well as president. Mr. Bourke is the general manager, which is a newly created position.

On Board of Trade

New members of the executive committee of the insurance section, New York Board of Trade, include C. D. Connell, Provident Mutual; J. P.

Fordyce, Manhattan Life; Harry Gardiner, John Hancock; J. E. Lewis, Aetna Life group; H. A. McKay, Travelers, and Arthur Snyder, A. M. Best & Co.

Leyendecker-Schnur Is Leader

In Guardian Life's October campaign honoring J. A. McLain, president, R. A. Trubey, Fargo, was the winning agent in lives and volume and Al Davis, Leyendecker-Schnur agency, New York, was runner-up among individual agents. Leyendecker-Schnur was the leading

agency in actual volume and Oklahoma City was the leader in percentage of volume quota achieved. A previous article inaccurately stated Mr. Trubey's agency was leading agency.

Buck Is Richmond Consultant

George B. Buck, New York actuary, has been retained by the trustees of the new retirement system for city employees of Richmond, Va., to act as consultant, checking the pensions and annuities to be paid and also the status of the retirement fund each year. His or-

ganization serves the state of Virginia and the city of Norfolk.

Miss Norma Davis Thatcher, daughter of Mrs. Eugene V. Thatcher, was married Nov. 27 to Lt. Charles Newbern Barton, USNR, son of Walter E. Barton, president of Charles B. Knight agency of Union Central, New York City. Lt. Barton has been at sea on destroyer duty for the last two years in the southwest Pacific. His brother, Bennett Barton, now at Northwestern University midshipman school, was best man.

The Home of HUMAN SECURITY

If Disability Strikes

the best laid Life insurance plans may take a terrific beating.



PROVIDENT PETE

Says:

That's why Provident Fieldmen stress plans which provide for such disabilities through

EMERGENCY INCOME

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This they do by offering

PROVIDENT COMPLETE PROTECTION

LIFE INSURANCE *plus* LIVING ASSURANCE

(wide choice of forms)

(Non-Cancellable Disability)

written in a single plan

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57th
Year

PROVIDENT
LIFE AND ACCIDENT
INSURANCE Since 1887 COMPANY

Chattanooga, Tennessee

Our
57th
Year

Life : Accident : Sickness : Group : Hospital

Make Analysis of Premium Tax

(CONTINUED FROM PAGE 1)

of constitutionality "cannot overcome this calculated discrimination against foreign commerce."

In *Best & Co. v. Maxwell*, a New York department store sued to recover a tax which it paid under protest pursuant to a North Carolina statute which imposed an annual privilege tax of \$250 for a license to display goods and samples for sale in a hotel by any person not a regular retail merchant of North Carolina. The plaintiff maintained a sample room in a North Carolina hotel in which its agent took orders for goods to be shipped from New York. The Supreme Court held the statute unconstitutional as discrimination against interstate commerce, saying "the commerce clause forbids discrimination, whether forthright or ingenious."

Although the statute was couched in terms applicable to residents conducting only sample rooms, the court assumed that "normally" residents competing with the plaintiff would be "regular retail merchants" of North Carolina and that these paid only \$1 per year for the privilege of doing business in the state. Because of this disparity between the "corresponding fixed-sum license tax" imposed on interstate and intrastate commerce, the court unanimously found the tax to be discriminatory.

Professors Dowling and Patterson see no reason to believe that the principle of these cases, involving tangibles of interstate commerce, would not be applicable to life insurance though it deals in intangibles. They cite a number of

cases in which the Supreme Court has treated intangibles as being in interstate commerce.

According to the memorandum there appear to be four factors involved in the court's test of discrimination in state tax laws:

1. The scheme of taxation as a whole: in determining whether or not a particular statutory provision is discriminatory the court considers not only the provision imposing a tax on interstate commerce but also other statutory provisions imposing taxes on domestic or intrastate commerce. Thus, in *Hinson v. Lott*, 8 Wall. (U. S.) 148 (1869), the court upheld an Alabama statute taxing liquor imported from without the state at the rate of 50 cents a gallon.

The court said that this statute, standing alone, would be discriminatory but it found another section of the Alabama statutes that imposed a tax of 50 cents a gallon on liquor produced in Alabama and so held that the statute was a legitimate exercise of the state's taxing power and was not an attempt to "regulate commerce between the states." In *Henneford v. Silas Mason Co.*, 300 U. S. 577 (1937), the court upheld a tax imposed by the state of Washington upon the use in Washington of property bought outside the state on which no sales tax had been paid. The use-tax provision imposing the burden of payment directly on the user was a part of a comprehensive sales-tax law which imposed taxes at the same rate upon sales made within the state.

Balancing the Burdens

2. Corresponding burden: in determining the discriminatory character of a tax on interstate commerce the court will consider only the "correlative" or "corresponding" burden placed on local or intrastate commerce. There is no indication that the court will go further than to compare the taxes imposed by whatever name called, upon the same or substantially similar taxable events or taxable values. A comparison of taxes imposed on different bases could result at best in a chance equality which would not satisfy the basic principle of the commerce clause. In the *Best & Co.* case the court compared only the "fixed-sum license" taxes of out of state and local merchants and took no account of the obvious fact that local retailers who maintained stocks of goods in North Carolina would pay ad valorem taxes on such stocks, whereas the plaintiff, which maintained only a sample room, would not pay North Carolina a tax on its stock of goods.

The case which went the farthest in applying the "corresponding" test is *Interstate Buses Corp. v. Blodgett*, 276 U. S. 245 (1928). A bus company using Connecticut highways for both interstate and intrastate transportation of passengers sued to enjoin the state tax officials from enforcing a Connecticut law which imposed a tax on interstate buses of 1 cent per mile traversed within the state. The Supreme Court upheld the judgment in favor of the tax officials, holding that the plaintiff had not proved that the statute imposed a "substantially greater burden" on interstate buses than those doing a purely intrastate business. Connecticut imposed no such mileage tax on intrastate buses but did impose on them, and not on interstate buses a gross receipt tax of 3 percent annually.

The plaintiff tried to bring into the computation other taxes which it paid in Connecticut, such as the tax on personal property (its buses) and the gasoline tax but the court did not consider these to be "correlative," saying that "we cannot say from mere inspection of the statutes that the mileage tax is a substantially greater burden on appellant's interstate business than is its correlative, the gross receipts tax, on comparable intrastate business. To gain the relief for which it prays appellant is under the necessity of showing that in actual practice the tax of which it complains falls with disproportionate economic weight on it."

Disparity Must Be Substantial

3. Substantial equality: equality of burden between interstate and intrastate commerce need only be "substantial." In *General American Tank Car Corp. v. Day*, (270 U. S. 367) (1926), the court held that a tax was not objectionable unless it discriminated "in some substantial way." The tax is not invalid, the court said, "merely because equality in its operation as compared with local taxation has not been attained with mathematical exactness. In the same opinion Justice Stone said that even if, as contended by the plaintiff, the average of local taxes was only 21 mills on the dollar as against 25 mills for the tax assessed against non-resident corporations, "in the absence of a purpose to discriminate, disclosed by the legislation itself, we are not prepared to say that a 4-mill variation in one year not shown to be a necessary or continuing result of any scheme of taxation adopted would be an unconstitutional discrimination."

4. Discrimination apparent from the statute itself: There is ground for believ-

ing that the court will declare a tax statute invalid if, taken as a whole, it discloses an apparent purpose to discriminate against interstate commerce, even though there is no proof that, in its practical operation, it imposes a substantially greater burden on interstate commerce than the corresponding burden on intrastate commerce.

"Calculated Discrimination"

Indications of such a tendency are found, says the memorandum, in the opinion of Justice Stone in the *General American Tank Car* case in which he refers to "the absence of a purpose to discriminate" and to Justice Frankfurter's reference, in the *Hale v. Helms* case, to "calculated discrimination." It seems, according to Professors Dowling and Patterson, that "if the statute on its face imposes an unlawful burden on interstate commerce, the invalidity is not cured merely because the state might lawfully, by adopting another mode of computation, have imposed a substantially equal burden."

"From the foregoing review," the memorandum continues, "we conclude that a state statute which, in the same provision or in separate provisions taken together, imposes a tax on life insurance premiums received from within the state by foreign (out-of-state) companies at a higher rate than that imposed upon, or without imposing any such tax upon, domestic company premiums received within the state, is discriminatory and would probably (subject to the qualification stated below) be held invalid. Statutes of this type are found in a number of states."

The qualification referred to is the likelihood that such a law would not be held invalid if it could be shown that the state imposes on domestic companies exclusively a corresponding tax sufficient to equalize substantially the burdens on domestic and foreign companies.

REAL ESTATE TAX

"Concerning the 'corresponding burden' test, we find no basis in the precedents for believing that the court would include ad valorem taxes paid by a domestic life insurance company on its home office building or other property as a tax on intrastate commerce to be weighed against a premium tax, at a higher rate, imposed on the premium receipts, within the states, or foreign companies," the memorandum states. "If the state premium tax on foreign companies were 'in lieu of all other taxes,' including ad valorem property taxes, a closer question would be presented. Yet, even so, the court would, it is believed, consider the probable effect of such a concession to foreign companies and not merely its theoretically possible effect. That a tax is to be tested by its 'probable' effect on interstate commerce, see, for instance, *Best & Co. v. Maxwell*; *Dahnke-Walker Milling Co. v. Bondurant*, 257 U. S. 282, 292 (1921). Indeed we believe the court would hold another tax imposed solely on domestic companies to be a corresponding burden only if it were imposed upon the same or a similar taxable event or value; for otherwise the equality of burden, even if proved in the case of a particular foreign company would be a merely fortuitous effect of the statute."

"As to what the court would deem a tax upon a similar taxable event or value we can only give a few indications. If any state imposes upon domestic life insurance companies, but not upon foreign life insurance companies a license tax, privilege tax, gross receipts tax or gross income tax, fairly related to the volume of its premium receipts within the state, the amount of such a tax would probably be taken into account as an offset against a higher premium tax on foreign companies. Municipal taxes on premium

receipts imposed on domestic companies and not on foreign companies doing a comparable business in those municipalities, would apparently be taken into account. (General American Tank Car case). Whether a tax imposed upon a company's agents is in effect a tax upon the company itself is a question to be answered by ascertaining the interpretative statute.

Effect of Deductions

"In any event the total burden imposed upon a domestic company under the comparable taxing scheme must be taken into account. For example, a gross income tax on domestic companies only would on its face be a burden corresponding to a percentage premium tax on foreign companies only; yet the deductions allowed under the former may be such that the corresponding burdens are substantially unequal. The same may be true of a state's net income tax on domestic companies only, even if such a tax were to be deemed comparable for this purpose to a higher premium tax on foreign companies."

The memorandum points out that legislative and judicial decisions have established the constitutional doctrine that by virtue of its powers under the commerce clause Congress can enable the states to take action with respect to interstate commerce which otherwise they could not validly take. It goes on to cite a number of laws of this type which have been upheld, including the 1783 statute giving the states the power to regulate pilots and the 1941 law giving the states a free hand to deal with interstate traffic in prize-fight films.

As to whether Congress can save some of the state laws that may be found to be discriminatory, Professors Dowling and Nash indicate that the chances of saving these laws may be greater than they had intimated in an earlier memorandum in which they had indicated that the commerce clause of its own force impliedly prohibits discrimination and that if the court adhered to that view Congress alone could not grant relief.

Additional Factors Found

"On further study and consideration, however, of the developments in the Supreme Court, recent as well as more remote," the present memorandum continues, "we find several factors indicative of a wider power in Congress. (1) There is no decision in which Congress cannot give its consent to discriminatory action. The court has often said that the commerce clause of its own force prohibits discrimination but there has been no occasion to determine whether or not Congress could sanction such action. (2) There is one line of cases indicating (but not deciding) that Congress may give its approval to discrimination. The twenty-first amendment, which embodied the Webb-Kenyon act, was held in *Finch & Co. vs. McKittrick*, 305 U. S. 395 (1939), to permit discriminatory and retaliatory action by one state against the products of another state.

"The fact that a constitutional amendment was involved does not necessarily make the case irrelevant for our purpose; for a persuasive showing can be made that, in embodying the Webb-Kenyon act (the language of the amendment is largely a condensation of that act) the amendment has done no more than the Webb-Kenyon act itself by way of releasing state power but has merely redeclared the pre-existing law and given it a place in the constitution. (3) Inclusion of a prohibition in the statute giving consent to taxation of national bank stock at least indicates that Congress deemed the provision necessary, that in its absence a discriminatory tax might be permissible. (4) On at least two occasions the court has mentioned the silence or inaction of Congress in discussing the validity of discrimination. Thus in *Gwin, White & Prince v. Henneford*, 305 U. S. 434, 438 (1939), Mr. Justice Stone for the



"FRIENDS ARE THE DIVIDENDS OF LIFE" ONCE REMARKED BEN FRANKLIN. AND AT NO SEASON OF THE YEAR DOES THE TRUTH OF THE STATEMENT COME CLOSER HOME THAN AT CHRISTMAS TIME.

IT IS THEN WE REALIZE that one of the few things in life which moth and rust do not corrupt, which can be enjoyed whether the times are those of peace or of war, good times or bad, is friendship. To go through life accumulating friendships is a kind of insurance—an insurance against ever being bored or tired or finding life flat and stale, dreary and unprofitable

SO AT THIS TIME all of us at R & R, Alden Palmer, Hib Rust, Bob Osler, Jim Miller, Ray Hilgedag, Ed Stepp, and I reach across the miles that separate us to thank you for the friendly cooperation so many of you have given to us for more than thirty years, and to wish each of you the wish of an old philosopher who said:

"The things in life men want are many. The things that bring contentment are few. May the things that bring contentment be yours!"

AND LIKE TINY TIM, WE WOULD ADD, "GOD BLESS US EVERYONE."



PAUL SPEICHER
Managing Editor

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majority said: "but it is enough for present purposes that under the commerce clause, in the absence of Congressional action, state taxation, whatever its form, is precluded if it discriminates against interstate commerce." In like vein Mr. Justice Field spoke about the statute held invalid in *Welton v. Missouri*, 91 U. S. 275, 282 (1876). (5) Certain views developed by Mr. Justice Black and by Mr. Chief Justice Stone both tend toward the full acceptance of Congressional sanctions. These views are concerned, respectively, with the very limited function of the court to invalidate state laws impinging on interstate commerce or national laws having to do with interstate affairs. To these considerations should be added, of course, the presumption in favor of the act of Congress.

"While the outlook is by no means clear, we think an arguable case can be made that Congressional permission for the continued operation of the state tax laws now in force would not be held invalid."

Human Element Is Now More Vital Than Ever

(CONTINUED FROM PAGE 3)

ness to take risk, expend time, and energy. Profits in the end are made for people and the agent selling business insurance should try to penetrate the business structure to the people back of it and find out their interests in the event of loss. A major business risk is the loss of the key man.

Key Men More Vital to Firm

In a period of increasing business costs, particularly the labor cost which is getting a larger share of the net operating revenue, and higher taxes, the human element becomes increasingly important in profit and loss, he said. Uncertainty faces all business at this time. For the future, he predicted lower profits per unit of volume, a larger element of government supervision, keener competition in small businesses, and the human element more important than ever before. Profit means assets at risk. The key man is the most precious asset in any business.

Particularly in the smaller business, loss of the key man means loss of good will, employee morale, capital and credit. Typical positions held by key men are executive and general management, treasurer, sales manager, inventor, technical expert, manager of labor relations, financial buyer. "Look for the expert services which lead into profits," he suggested.

Key man insurance supplies an advance of cash indemnity. Cash restores credit and gives a business time to establish itself. An important loss in the death of a key man is the loss of investment in his training, Mr. Bragg pointed out. Key man insurance brings a flow of cash to the firm from an outside source in the event of death.

Key Man Tax Angles

The increase in a firm's surplus through the increase in the cash values of life insurance is not subject to tax. The cash values may serve as a retirement fund for the individual concerned, if desired. He can buy the life insurance for its cash value and there is no tax on the proceeds.

Mr. Bragg stressed the importance of talking key man insurance in terms understandable to the prospect. For example, a firm with 100 shares of capital stock at \$100 par, would only pay 89 cents a share, on a ten year

Hobbs, Undaunted, to Push Mail Bar Bill Again

WASHINGTON—With the Weiss House postoffice committee having turned thumbs down on his bill to deny use of the mails to insurance companies not qualified under state license, Rep. Hobbs, Alabama, is determined to keep trying to attain his objective in a re-drafted bill, which he plans to introduce next Congress. He says he and members of the subcommittee have been cooperating, including Rep. Miller, a Hartford, Conn., insurance man, and Rep. Murray, Tennessee, formerly with the postoffice department.

"What I would like," Hobbs tells THE NATIONAL UNDERWRITER, "would be to deny use of the mails to 'fly by night' insurance companies, without touching the legitimate companies. But that language could not be enforced. I have been trying since 1935 to get a formula that would please interested parties. They are all for the idea, 'but please leave them out.'"

"If we could get the support of legitimate insurance interests for legislation it would help mightily and would tend to relieve them from unfair competition. However, they are not interested because they believe that because they are honest and pay claims against them, others are also honest and there is no need for legislation. Representatives of legitimate companies who have attended our hearings, however, have been amazed at the amount of bootleg insurance written."

Prey on Suckers

"I think it equals about one-third of the total volume of insurance written, especially in the south, based on my experience in practicing law. Sucker companies, preying on suckers, write millions, mostly in automobile and casualty lines. Negroes will buy anything with a gold seal on it. The policy usually binds the company to defend suits against the insured and pay claims in case of judgment. But I have personally obtained judgment after judgment, almost ad infinitum, and been unable to collect. Hundreds of other lawyers have had similar experience. When a judgment is obtained against an illegitimate company, it moves its office, changes its name and gets out a new batch of stationery. I know of instances where one concern or group had as many as six different offices in the same building, under different names."

"There is a terrific volume of this bootleg stuff written. It knocks the 'sure' out of 'insurance.' Postoffice department fraud orders against these 'fly by night' concerns do not meet the needs of the situation because of the changing of names and addresses. Also because of the ambiguous wording of policies being sold. The fine print in them knocks you out."

"Competent actuaries have told me

basis, on the average, for a \$10,000 policy on the life of one of its executives 40 years old. "Put your finger on the unit in which the prospect thinks," he urged.

Key man insurance gives the agent an opportunity to establish a close personal contact with the prospect.

R. E. Myer, manager Mutual Life, chairman of the lecture series, introduced Mr. Bragg.

Julian's Successor in Doubt

BIRMINGHAM, ALA.—Indications are that no appointment will be made for some time as superintendent of insurance of Alabama to succeed the late Frank N. Julian. Brooks Glass is deputy superintendent in charge and the department is under the general direction of Miss Addie Farish, head of the state department of commerce.

that under certain \$1,000 policies it is utterly impossible to collect more than \$10. I know of policies requiring the insured in case of his death to make a personal appearance at the home office of the company in presenting claim for loss. It is practically impossible to obtain conviction for violation of a fraud order because that is a criminal statute and proof beyond reasonable doubt is required. The 'fly by night' lawyer makes the jury believe that because its members are honest, the company is also."

"I know the answer—to deny use of the mails to unlicensed companies, for solicitation of business and collection of premiums. But the practical difficulty is to put that idea into words, so as to kill the illicit insurance racket without disturbing the legitimate industry. Under licensing, companies are required to stand suit."

"Lloyds of London, a legitimate concern which pays its claims, can sue in any court in this land and be sued in none. It can sue in some 2,000 to 3,000 counties throughout the nation, but can't be sued there. I don't think we ought to 'buy a mule that won't kick both ways.'"

The book every A. & H. man should read—"Planned Salesmanship," by Cousins. \$3.00 from National Underwriter.

McAndless Drive Is Big Success

In honor of President A. J. McAndless' 25th service anniversary with Lincoln National Life field representatives held a surprise one-day business drive. Business written totalled \$2,728,536, one of the largest single-day volumes in history. Plans were kept secret until Mr. McAndless received the telegrams from the agencies reporting their volume of business written in his honor.

Men in the home office honored Mr. McAndless at dinner and presented him with an inscribed desk set.

Mr. McAndless joined Lincoln National as assistant secretary, formerly having been with Detroit Life. His first duties were establishing and building an efficient lay underwriting department. His work was soon expanded to include supervision of many company functions. In 1926 he was elected secretary; in 1934, vice-president; in 1936, executive vice-president; and in 1939, president. He has been director since 1924.

Virginia, Alabama and District of Columbia are conducting an examination of Shenandoah Life.

Are You Worth
\$8000.00
a Year
or More?

OUR "BUILDERS-OF-MEN" PLAN:

The average income of our top 10 men last year was \$16,775.00. Do you want to earn this kind of money?

Guarantee Mutual Life offers an opportunity to those who can qualify:

Independence of action
Maximum opportunity of earning
A definite plan of operation
Complete equipment
Guarantee of advancement and finally,
A unique plan of retirement income.

If you have reason to be interested, then write



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OMAHA 2

NEBRASKA

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HOTEL
Lennox
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EDITORIAL COMMENT

The Agency Practices Agreement

There are bound to be some casualties from the U.S. Supreme Court decision that insurance is commerce but it is to be hoped that the inter-company agency practices agreement need not be one of them. When the decision was first handed down the life people were confident that no phase of their operations could be viewed as violating the anti-trust laws even by the most hanging prosecutor type of Justice Department official. However, as they looked around more meticulously, some life company legal counsel began to wonder about the agency practices agreement. Though it is clearly in the public interest, it is a cooperative endeavor which might conceivably be held to be in restraint of trade because of its restrictions on hiring and keeping of part-timers in urban centers and unfit agents anywhere.

Naturally, no insurance executive likes the prospect of being prosecuted for violating anti-trust laws and such a prosecution would be a bad thing for the business. However, against this apparently rather remote contingency must be balanced the benefits of continuing the agency practices agreement. William H. Andrews, Jr., general agent in Greensboro of Jefferson Standard Life and president of the National Association of Life Underwriters undoubtedly had the agency practices agreement in mind when, in his address at the annual luncheon of the Life Insurance Association of America, he warned against the danger of "volumitis" in the life insurance business after the war. One of the easiest ways for volumitis to break out is in the unrestrained hiring of agents, regardless of their qualifications or their intentions to make a career of the business.

The exceptionally fine production record that life insurance field forces have hung up during 1944 should not delude anyone into thinking that the building up of agency plants after the war is going to be an easy job. Average production per agent is high and a good part of this is due to the higher standards of selection, training and supervision that companies have been introducing in recent years. A large factor in this high average production,

however, is the fact that people have plenty of money to buy while the war has at the same time reduced the possibilities of spending money for the usual run of consumer durable goods. According to OPA, had the 1941 rate of production been continued during 1942, 1943 and 1944, there would have been put on the consumer market 10,980,000 automobiles, 10,500,000 refrigerators, 6,042,000 washing machines, 6,351,000 vacuum cleaners, 16,755,000 electric irons, 7,923,000 toasters, 41,100,000 radios, 82,380,000 clocks and watches, 10,400,000 furnaces and heaters, and 14,010,000 stoves and ranges. This list, it will be noted, says nothing about the homes that would have been built but for the war.

A general agreement to observe sound standards in the hiring and retaining of agents after the war should certainly be a major help in keeping companies and general agents and managers from going volume-crazy, aiding, as it has in the past, the non-signatory as well as the signatory companies.

The alternative to company action on the question of part-time and poorly qualified agents is a tightening in the state qualification laws. Whatever arguments might be made for letting the states do the work of raising qualification standards, there would necessarily be a loss of freedom of action to the companies. Conceivably the general agents and managers might continue to make and abide by their own agency practices agreements to apply locally but it is hardly likely that a company would permit its field representatives to do something that the company itself hesitated to engage in for fear of violating anti-trust laws.

In spite of violations by signatory companies in some cases, violations which have moved some other companies to withdraw in protest, the agency practices agreement in its 10-year history has contributed greatly to the improvement of selling conditions in life insurance. It would be a great pity if it were to be scrapped unless the danger of its being violative of the anti-trust laws is much more imminent than has thus far been revealed.

Diagnosis Is Challenged

Those who are crusading for a very great enlargement of the public health services, particularly for a federalized system, put heavy emphasis in their arguments as to the necessity for such a program on the high rejection rates of

the armed services. They contend that this is evidence that the physical condition of this country's youth is appalling and that a federal tonic is urgently needed.

In the "Statistical Bulletin" of Metro-

politan Life for November there is an article that tends to remove much of the potency of this evidence.

"The alarm which has been voiced by some over the high rejection rates in our army," it states, "quite overlooks the fact that standards of rejection are to some extent arbitrary and subject to adjustment according to conditions and the judgment of those directing the formation of the armed forces. What is more important, standards far above those required for the ordinary pursuits of life must be maintained. It is hardly too much to say that every prospective soldier in the front line must be something of a potential athlete to be able to cope with the excessively heavy duties, wholly outside the scope of ordinary civilian activities."

"Thus there is every indication that the seemingly high rejection rates are

in no sense due to a relatively low level of physique among our young people but that any seemingly adverse comparison between the situation at the first world war and in the present conflict is due mainly to a difference in standards."

To cry up the rejection rate of the army as a revelation of a grave national health fault is to say there is a crisis and that heroic measures must be taken. The implication is that we have been given a diagnosis of a hitherto unsuspected malady of menacing proportions and that we should submit to drastic treatment without questioning. Constant improvement in the public health services is one of the great social aims, but it is well to utter a word of caution if there is a possibility that we are being stampeded into embarking on some vast new scheme of shadowy outline on the basis of an unwarrantedly panicky diagnosis.

PERSONAL SIDE OF THE BUSINESS

President A. E. Ashford of Western Reserve Life of Austin, Tex., was host to the members of the President's Club on a deer and turkey hunt.

Fred A. Wickett, former vice-president of New York Life, appeared the other day before the Senate military affairs committee to endorse Lt. Col. Edward H. Heller of California for member of the surplus war property disposal board.

C. B. Petrie, well-known figure in the insurance and general publishing field, has been named assistant to the managing editor of "Safety Engineering," an Alfred M. Best publication. Mr. Petrie was for some time with the "Weekly Underwriter" and later was with American Surety. A brother, John Petrie, is in the publishing department of Continental Casualty-Continental Assurance, Chicago.

Floyd W. Forker, general agent of Pacific Mutual Life in Los Angeles, has been reelected for his third term as president of the Los Angeles council of Boy Scouts.

Albert G. Borden, second vice-president of Equitable Society, was tendered a luncheon by President T. I. Parkinson and the other officers on the occasion of his 50th anniversary of continuous service with the organization.

Hancock and N.A.L.U. trustee, died at her home in Columbus at the age of 90.

Charles C. Kryter, 71, treasurer of Insurance Research & Review Service, died at Indianapolis. He was also chairman for many years of Bobbs-Merrill Company, Indianapolis publishers.

John E. Code, 63, one of the leading producers of Manufacturers Life in Detroit, died from a heart attack. He had been with the branch 35 years and had just completed his 26th year of consecutive qualification for the company's production club. The home office was represented at the funeral by R. E. Dowsett, secretary, and Allen Broadbent of the agency department.

Hoyt W. Gale, 69, one of the best known insurance men in Cleveland, died from a heart attack at the home of his son, A. Davis Gale. He had been in insurance work in Cleveland for 32 years. He was born at Valdosta, Ga., and after banking experience in Brunswick, Ga., went to Cleveland as general agent of Home Life of New York. He later founded the general insurance agency known as the Hoyt W. Gale Co. in conjunction with his four sons—Hoyt W. Gale, Jr., Ben P. Gale (now a lieutenant colonel at Wright Field, Dayton), Frank W. Gale and A. Davis Gale. He became general agent of Columbian National Life in 1941.

DEATHS

John James, district agent of Occidental Life at Salt Lake City and former Utah insurance commissioner, is bereaved by the death of his 56-year old son, John W. James, who was assistant cashier of Utah State National Bank.

Charles A. Snyder, 82, former secretary of Equitable Life of Iowa, died at the home of his daughter, Mrs. Frank S. Morris, at York, Neb. He entered the banking business in Des Moines as a youth and shortly thereafter joined Equitable Life. He became secretary in 1912 and served in that capacity until 1917.

Mrs. Amanda F. Hoyer, mother of Ralph W. Hoyer, general agent of John

Robert Gillis, son of Lee J. Gillis, manager of the Wilhelm agency of Northwestern National Life at Omaha, has been reported missing in action in the navy and is presumed dead. He was returning from a bombing mission in the southwest Pacific when an oil leak developed and he made a water landing. He got into his raft, and a rescue P B Y plane located him, dropped smoke bombs and turned to land, but in that length of time he and his boat had disappeared.

William H. Hunt, 76, retired former president of Cleveland Life, died there. Organizer of the company in 1907, he became president in 1909 and continued in the post till 15 years ago when he sold his interest in the company to Sun Life of Canada and retired.

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LIFE AGENCY CHANGES

C. C. Jones Returns to Indianapolis; Brother Retires

George K. Jones announces his plan to retire Feb. 1 as general agent of Connecticut Mutual Life in Indianapolis, a position he has held for 20 years. He does not expect to sever his connection with the company, but hopes to spend



CLAUDE C. JONES

most of his winters in Florida, devoting himself to the writing of personal business in Indianapolis during the balance of the year.

His brother, Claude C. Jones, general agent for Connecticut Mutual at Buffalo, will return to Indianapolis as general agent. Prior to taking the Buffalo agency in 1941, he had been associated with his brother at Indianapolis first as supervisor and later as co-general agent.



GEORGE K. JONES

In the 3½ years that he has been at Buffalo, the production of the agency increased 50% and the agency rose 13 places among Connecticut Mutual's agencies. For 32 months out of 42, the production of the agency in Buffalo showed an increase for the month over the same month in the year before.

At Indianapolis, Claude Jones had served several times as a director of the life underwriters association and was president of the general agents and managers association. He is a past director of the Buffalo Life Underwriters Association.

Also active in National association, he was program chairman of the last midyear meeting of N.A.L.U. and is now a member of the program committee for the national meeting. He was chairman of the nominating committee at the Detroit convention in September.

Whitsett in Miss. for Commonwealth

Commonwealth Life has named Paul T. Whitsett manager of the ordinary agency department's Mississippi state agency. Mr. Whitsett will take charge of the ordinary operations throughout the entire state.

Mr. Whitsett, who attended the University Military School at Mobile, Ala., and Millsaps College at Jackson, entered insurance in 1940 with Volunteer State Life, later becoming affiliated with Mutual Life of New York as supervising assistant. He has served the Jackson Association of Life Underwriters as secretary-treasurer and for three years was director.

Commonwealth's Mississippi office is at 501 Deposit Guaranty Bank building, Jackson.

Rodnick Bridgeport Manager

Morris H. Rodnick has been appointed district manager in Bridgeport, Conn., by Union Mutual Life. Formerly he was assistant manager of Metropolitan Life there.

Hubbard to Kansas City

J. I. Hubbard, division manager of Metropolitan Life with headquarters at Chillicothe, Mo., has been promoted to division superintendent with offices at Kansas City.

Friddle Named at Franklin, Ind.

Burl Friddle, well known as an athlete and athletic trainer, has been appointed general agent of Indianapolis Life at Franklin, Ind. He has had previous life insurance experience.

Larson Manager at Phoenix

Ivan V. Larson, field assistant of Travelers at Phoenix, Ariz., has been appointed manager. LeRoy W. Melms, field assistant of the Uptown branch in Chicago, has been appointed assistant manager of that branch.

Fincher, Radcliff Transferred

J. W. Fincher, formerly district manager at Brownsville, Tex., has been appointed manager of the new branch office of Jefferson Standard Life at Spartanburg, S. C. He has been with Jefferson Standard since 1941. Last January he was appointed manager at Brownsville. The Spartanburg office is located in the Montgomery building.

C. Frank Radcliff goes to Norfolk, Va., as branch manager to succeed George Elliott, who was transferred to Raleigh as manager. Radcliff began with Jefferson Standard in 1943. He has served as district manager at Wilmington, N. C., and at Kinston, N. C. He is a brother of H. N. Radcliff, recently appointed manager at Wilmington, N. C.

Maj. Alden Smith Doffs Uniform

Alden Smith, a former president of the Nashville Association of Life Underwriters, has returned from army service to the E. T. Proctor agency of Northwestern Mutual Life at Nashville. He entered the air corps in 1942 as a first lieutenant in the intelligence and saw service with the troop carrier command in North Africa, Sicily and in England, receiving the air medal for his part in the Sicilian invasion. For the past several months he has served as

executive officer of his squadron with the rank of major. He is a hold-over member of the Million Dollar Round Table.

Capt. Alex Porter, Jr., of the Proctor agency is spending Christmas at his home in Nashville. He is now at Great Bend, Kan., taking training as a navigator of the B-29 Super-Fortress.

The statement in the December 8 edition that W. T. Macauley has returned to his post as associate state agent of John Hancock Mutual at Detroit is incorrect. Mr. Macauley, owing to his age, was released from military service in the spring of 1943 to enter a defense industry and is still associated with the National Automotive Fiber Corporation of Detroit. His father, Charles A. Macauley, is state agent for John Hancock at Detroit.

In the annual fall campaign of Alliance Life Joseph M. Nolan of Chicago qualified for the President's Club, and C. E. Everitt of Mason, Mich., and F. S. Brainerd of Battle Creek earned membership in the \$200,000 Club.

Build prestige by having all the answers. Get the new **Unique Manual-Digest**. \$6 from National Underwriter.

NEW YORK

HONOR MRS. SUNDELSON

Mrs. Ray Wilner Sundelson, New York City general agent Equitable Society, and a pioneer woman agent, was felicitated on the 50th anniversary with the company at a reception given in her honor by her many friends and policyholders. Starting with the company at the age of 19, the young immigrant girl built up a business which now has \$180,000,000 life insurance in force on the lives of 30,000 policyholders. A highlight of the reception was the presentation of the 30,000th policy written by the agency to Helena Bliss, star of the "Song of Norway," by W. J. Graham, vice-president.

Mr. Graham and A. G. Borden, second vice-president, complimented Mrs. Sundelson on her accomplishments and attainments. Mr. Borden, who had earlier in the day been honor guest at a luncheon marking his own 50th anniversary with the company, remarked that he was one of the few now associated with the company who could look back over a similar period of service, having joined the Equitable 10 days later than Mrs. Sundelson.

A policy scroll was presented to Mrs.



● If his looking glass could reflect the future for one brief instant what would this young man see? The same man, a little older with gray in his hair and shoulders not quite so straight still carrying his well-worn brief case? Or would he see a man SECURE in his later years financially able to do all the things he previously could not afford or have the time for.

Every young man has the opportunity to provide a life independence fund during his active earning years to furnish him with a monthly life income when he is ready to retire.

Do you know that the Berkshire Triangle Pattern offers a RETIREMENT INCOME PLAN that is well worth investigating?

ASK ANY **Berkshire** GENERAL AGENT
LIFE INSURANCE COMPANY
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PITTSFIELD MASSACHUSETTS
HARRISON L. AMBER, President

RAINBOW'S END

On September 28, 1937, the Bankers Life Company of Des Moines issued a \$3,000 policy (Family Protection, 20-year Benefit) to a 28-year-old farmer; married, with three children.

On August 6, 1944, the insured went fishing with a friend and while running a trotline a tragedy occurred. The men had landed a fish and when it flopped out of the boat the insured tried to retrieve it, capsizing the craft. His legs became entangled with the line and he was drowned, although his companion succeeded in righting the boat and keeping the head of the insured man above water for half an hour.

A son of the drowning man, on the bank, rushed for help, which was too late in coming. The son had started fishing with the men, but fearing the boat was overloaded had persuaded his father to take him back to shore, where he waited.

At the time of the fatality premiums had been paid on the policy totaling \$597.24. A cash clean-up fund of \$305.26 was paid immediately, together with \$3,000 Double Indemnity benefits. In addition, beginning September 6, 1944, \$30.52 will be paid by the Bankers Life Company to the beneficiary for a period of 157 months; totaling \$4,791.64. A final cash payment of \$3,075.01 will be made on September 6, 1957.

Here is a financial resume of this transaction:

Payments at death.....	\$ 3,305.26
\$30.52 per month for 157 months	4,791.64
Cash payment on September 6, 1957.....	3,075.01
Total payments	\$11,171.91
Premiums paid	597.24
Net gain over investment.	\$10,574.67
Percentage of gain over investment	1,770%

★ ★

BANKERS Life
the Double Duty Dollar Company
DES MOINES

Sundelson by J. L. Andron, chairman of the policyholders committee, and L. J. Lavin, associated with the agency since 1897, Mrs. Sundelson replying with appropriate remarks. H. A. Yoars, second vice-president in charge of the greater New York department, was given a scroll expressing the agency's appreciation for the privileges and co-operation received. Paul Waldman, agency leader, tendered a plaque to Mrs. Sundelson, calling her "the first lady of life insurance." A number of children, third generation policyholders, wheeled in a huge birthday cake on a cart. Miss Vera Sundelson, associate general agent and Mrs. Sundelson's daughter, presided.

HONOR 25-YEAR GROUP

For 25 years' or more continuous service, seven members of the staff of Alfred M. Best Co. were honored at the celebration of the company's 45th anniversary. The seven are: Raymond T. Smith, vice-president and Chicago resident manager; Marion F. Millar, secretary of the corporation and secretary to Mr. Best; Harold H. Johnston, editor of the key rating department; Joseph P. Byrne, editor of the fire and marine insurance department; Edward J. Fitzsimmons, editor of the life insurance department; Ruth Orme, manager of the billing department, and Eva Nickerson, chief telephone operator. Gifts were presented to each member.

RAMSEY AGENCY DINNER

The John A. Ramsay agency of Connecticut Mutual Life in Newark will hold its annual dinner at the Hotel Algonquin, New York, Dec. 27. Mr. Ramsay's mother, Mrs. Edith B. Ramsay, 77, will be guest of honor.

ALBERT HIRST IS SPEAKER

Albert Hirst, counsel New York State Life Underwriters Association, will speak at a meeting of the League of Life Insurance Women Jan. 2. Mrs. Lillian Joseph, Home Life, president, was hostess to members at a Christmas tea.

COMPANY MEN

Swenson Pacific Mutual Actuary; A. G. Hann Retires

Alfred G. Hann, vice-president and actuary of Pacific Mutual Life, is retiring Dec. 31 after 40 years of service. Oscar Swenson, associate actuary, will become actuary.

During his long association with Pacific Mutual, Mr. Hann has been identified exclusively with the actuarial de-



ALFRED G. HANN

partment, first as assistant, and then in 1909 as actuary. He started with Conservative Life in Los Angeles and was

With State Mutual



GEORGE P. SMITH

George P. Smith, the new agency supervisor of State Mutual Life, has been active in sales and supervisory work for nearly 20 years with New York Life. Recently he has been agency director of the Worcester, Mass., branch. He is a past president of the Massachusetts Association of Life Underwriters, the Boston association and the Boston General Agents & Managers Association. He is chairman of the underwriters' war bond committee and is state representative on the N.A.L.U. council.

for a time the actuary of the Colorado department. His father and brother have both been engaged in actuarial work.

Mr. Swenson joined Pacific Mutual in 1923. He was made assistant actuary in 1933 and became associate actuary in 1943. Leslie J. Cooper continues as



OSCAR SWENSON

associate actuary, as well as manager of the policy contract department and tax counsellor, and Alwin Lewis as assistant actuary.

Arthur W. Havens, who has been mathematician since 1942, has been promoted to assistant actuary. He has been with the actuarial department since joining the company in 1915, except for an absence in military service during the former war.

Marsh Named "Ad" Head of Jefferson Standard

Hal R. Marsh, formerly agency assistant, has been made advertising manager of Jefferson Standard Life. He has been with Jefferson Standard since 1926, having served in several departments.

Robert G. Blair, who entered the air corps enlisted reserve in 1942, and who for the past year served as flight instructor at Darr-Aero-Tech, Albany, Ga., has been released from service. Be-



EXTRA

CAL-WESTERN'S

Three-Point Compensation System for Agents

1. Adequate first year commissions with extra margins first year.

2. Life-time renewals.

3. Retirement plan.

Plus These Extras

1. Cash bonuses for App-A-Week, Ten-A-Month and Leading Producers' Club memberships.

2. Free Group life insurance.

3. Free Group health, accident and hospitalization.

"The 'Agency Minded' Company" operating in Eleven Western States and Hawaii.

**CALIFORNIA-WESTERN
STATES LIFE
INSURANCE COMPANY**
Home Office: Sacramento

fore entering service he was traveling auditor of Jefferson Standard. Upon his return to the company he was appointed agency assistant.

Burke, Straus on N. Y. Life Board

John S. Burke, president of B. Altman & Co., and Roger W. Straus, president of American Smelting & Refining Co., have been elected directors of New York Life.

Name Hegg's Successor Jan. 4

A special meeting of the directors of Lutheran Mutual Life of Waverly, Ia., will be held Jan. 4 to select a president to succeed the late J. E. Hegg. He also was chairman of the board.

Rutgers Head on Insurance Board

Robert C. Clothier, president of Rutgers University, has been elected a director of Mutual Benefit Life to fill the unexpired term of Wynant D. Vanderpool, deceased.

After 21 months of service, Cpl. Harold T. Jackson has been released by medical discharge from the army. He will resume his duties as field supervisor for the Farm Bureau companies of Columbus. Mr. Jackson, prior to his entrance into the army, had been with the Farm Bureau group as field supervisor.

Commonwealth Life & Accident of St. Louis has been licensed in Ohio.

MANAGERS

Pittsburgh Supervisors Elect; Fischer Speaks

New officers elected by the Pittsburgh Life Supervisors Club are: James R. Mantler, Berkshire Life, president; A. R. Williams, vice-president; F. E. Enoch, treasurer, and Ross S. Edgar, secretary.

Speaking on "Men, Money and Management," Chester O. Fischer, vice-president of Massachusetts Mutual Life, said that an adequate recruiting program is one of the most important needs in the business today. He stressed the continuous factor in recruiting, saying that this is where most agencies fall down.

"An agent not making adequate income hurts the institution of life insurance, the other agents, the company and the agency," he declared. He urged the supervisors to recruit the right kind

Industrial Director



A. W. CRAIG

A. W. Craig, who was recently named by directors of Union Life of Little Rock as industrial agency director, is a native of Arkansas and a graduate of the University of Arkansas. For 14 years he was associated with Metropolitan Life and for the past 1½ years has been supervisor for Aetna Life.

of agents, teach them to sell in the field, teach them work habits and organization.

The members made a contribution to the Crippled Children's Hospital Fund of Pittsburgh in lieu of holding a Christmas party.

Lowell Davis President of Hartford Managers

Lowell W. Davis, Provident Mutual, has been elected president of the Hartford General Agents & Managers Association, succeeding John G. Havens, Lincoln National. George J. Richards, Monarch Life, was elected secretary. Guests at a cocktail party and dinner were officers of the National Association of Life Underwriters, including William H. Andrews, Jr., president, Clancy D. Connell, vice-president, and

J. E. Rutherford, executive vice-president.

Ind. Managers to Make Merry

The Life General Agents & Managers Association of Indianapolis is putting on a party next Monday evening. Scheduled speakers include Joel L. Traylor, Northwestern National Life, "Be Kind to Animals," or "How to Get Along with Home Office Supervisors;" Howard Nyhart, Connecticut General, president of the association, "The Sex Life of the Double Indemnity Clause," or "How to Recruit;" Wendell Barrett, Provident Mutual, "Twenty Years a Peddler" or "The Curious Technique I Used in Selling Mae West a Million," Ernest A. Crane, Northwestern Mutual Life, "Northwestern Unmasked" or "Why Davenporters Are No Longer Standard Agency Equipment;" Ray Patterson, Penn Mutual Life, "You Don't Have to Be Crazy to Be a General Agent, but It Helps."

Economic Outlook Reviewed

At the monthly meeting of the Life Agency Cashiers Association of Indianapolis, with 42 guests and members present, Dr. Morris O. Ross, president of Butler University, spoke on "The Great Economic Divide." He discussed recurring depressions and periods of prosperity and anticipated that a period of prosperity will follow the close of the present war and that this will again be followed by a period of depression, if past economic formulas hold good.

A. R. Jaqua in Columbus

Speaking before the Columbus Life Managers & General Agents Association, A. R. Jaqua, associate editor of the Diamond Life Bulletins, said about 8,000,000 returning service men have been sold on the idea of owning \$10,000 life insurance and they will want to convert it into permanent form and add

to it. He said that this is one of the greatest opportunities ever offered life men. He reported that farmers have been big buyers the past three years and doubtless will continue to be for years to come.

Mr. Jaqua declared life insurance men in the last few years have gained much good will through their war activities and that it is likely that life agents hired hereafter will be carefully selected and must be well trained.

Diggs Gives 20-Year Review

Gaius W. Diggs, general agent of Penn Mutual, spoke at the December luncheon-meeting of the Life Agency Managers Association of Richmond, reviewing some of the activities of the organization since it was formed some 20 years ago. He was one of the organizers.

Christmas Party in Milwaukee

The Milwaukee Life Managers & General Agents Association held its Christmas party dinner and entertainment, Dec. 18. Arrangements were in charge of Alfred Korbel, Central Life of Iowa, association president; Paul Parker, agency director of Old Line Life, and Alfred K. Perego, Wisconsin National Life.

Senator Roscoe R. Walcutt addressed the luncheon meeting of the Columbus Life Agency Cashiers Association.

D. C. Trust Council Gathers

WASHINGTON — A skit covering problems arising in connection with life insurance, estate settlement, taxation, etc., was presented at the annual fall dinner meeting of the District of Columbia Life Insurance Trust Council. Acacia Mutual Life was host at a cocktail party preceding the dinner. E. M. Thoré, Acacia general counsel, was in charge of the program.

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Due to recent death of our Supervisor, we have an opening for a man who is capable of taking over immediately, to further develop this established agency.

1. We offer exclusive franchise
2. Large volume of business in force
3. Congenial group of producing salesmen
4. Permanent connection
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If you are interested, let's talk it over.

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United Life and Accident Insurance Company

Concord, N. H.

Representatives Have Something Unusual to Sell

Ask the man who owns a United Life and Accident Insurance contract which contains:

1. Life Insurance
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Vice President and Agency Manager
Concord, N. H.

NEWS OF LIFE ASSOCIATIONS

Reiley Tells How to Overcome Resistance

PITTSBURGH—Edward L. Reiley, Cleveland general agent of Penn Mutual Life, spoke on "Overcoming the Buyer's Resistance" at the December meeting of the Pittsburgh Life Underwriters Association.

He said the salesman must relate the buyer's intelligence or logic to his emotions and the easiest way to do this is to examine how people react under ordinary circumstances. People do not do things "because it is the smart thing to do," he contended, they do things because some emotion has caused them to do it.

Mr. Reiley said that both an emotional and a logical appeal are necessary in selling because it is the logic that the prospect uses later to justify his action.

"When we sell life insurance based on needs, logic and emotion always are on the agent's side and pull together to help him make the sale," he stated.

Since prospects have many emotional appeals made to them from other sources, the agent must show them that his service will contribute to "the future happiness" of his family and himself.

How to Meet Objections

Prospects' objections are based on logic and therefore the agent must understand them. He must not agree with the prospect regarding his objections but must show that, first, the objection does not eliminate the need and second, that it does not satisfy it.

N. H. Weidner, president, announced that the membership of the association is now 1,052, one more than in 1943. The amount secured by the life underwriters division in the sixth war loan

drive is \$3,152,000, 40% above the same period in the fifth war loan drive.

Larry Bogart, a survivor of the aircraft carrier Hornet and a member of the association, spoke on the necessity and use of blood plasma on the fighting fronts. He received seven pints of blood himself.

Illinois Local Associations Set Higher Goals

The 20 local life underwriters associations in Illinois, which aggregated 2,641 members this year, have set a joint goal of 3,320 for 1945 and are preparing for their membership drives to culminate June 30, which is the final date for reporting to the National association.

Chicago, with 1,760 members this year, aims to have 2,200 by next June. Next in size is Peoria which has 170 this year and plans to increase this by 30 in the next six months. Springfield is third with 96 members this year and a goal of \$10. East St. Louis now has 62 and hopes to increase to 100; Rockford has 69 and aims at 85.

A new association is being formed at Alton which is expected to have about 40 members. Carl H. Parrish, manager for Metropolitan Life, is acting president and Raymond Tingley is secretary-treasurer. Ernest A. Crane, national trustee; W. B. Buckley, manager of Metropolitan Life at Mt. Vernon and past president, helped in the organization work.

D. C. Women Study NSLI

WASHINGTON—Conversion of National Service Life is subject of a group study plan led by Miss Gwyneth Thompson, Minnesota Mutual Life, among members of the women's section, District of Columbia Life Underwriters

Association, at its monthly luncheons. Miss Lena Hitchcock, Connecticut Mutual, is president; Mrs. Thelma Davenport, Northwestern Mutual, vice-president, and Miss Alice E. Venezky, New York Life, secretary of the group.

Mo. Sales Congress May 19-20

The annual meeting and spring sales congress of the Missouri Life Underwriters Association will be held in Kansas City May 19-20, at the President hotel. J. Frank Trotter, manager of Mutual Life at Kansas City, is chairman of the sales congress program committee. The first day will be devoted to the annual meeting of the state association, followed by the sales congress on Saturday.

Chicago Women Meet

Stressing planning and prospecting, Hermine R. Kuhn, field assistant Manhattan Life, spoke to the women's division of the Chicago Association of Life Underwriters. Prospects should be grouped into geographical as well as vocational divisions to save time. In helping people solve their problems it is essential to see enough prospects as the law of averages will take care of production. Miss Kuhn gets prospects by asking each policyholder for the names of 10 friends whom she contacts by telephone for appointments. The three principles of sales success are: hard work, "stick-to-it-iveness" and common sense, she declared.

C. E. Clinton Neb. Vice-president

C. E. Clinton, general agent of Aetna Life at Omaha, has been elected vice-president of the Nebraska Association of Life Underwriters to complete the unexpired term of Richard P. Koehn, formerly Nebraska state manager of New York Life, who was recently transferred to Milwaukee.

Solons Feted in Los Angeles

LOS ANGELES—The Los Angeles Association of Life Underwriters was host to 27 members of the California legislature at a dinner here. Herrick C. Brown, Oakland, manager Prudential and president of the California association, presided. Alfred W. Robertson, Santa Barbara, Democratic assembly floor leader, urged insurance men to take an intelligent and constructive interest in politics. Charles W. Lyon, Los Angeles, speaker of the house, discussed post-war plans, stating that the sales tax will provide ample funds for such projects.

Dr. Walter F. Dexter, state superintendent of public instruction, declared that insurance is one of the things that gives the country stability and makes for good government.

Morgantown, W. Va.—D. Earl Fisher, Fidelity Mutual Life, was elected president at the annual meeting. Other officers are J. Wyland Tucker, Mutual Benefit Life, vice-president; Arthur L. Morris, Prudential, secretary-treasurer; di-

rectors, Elmer Carrico, Prudential, and Troy B. Connor, Equitable of D. C. National committeeman is Charles E. Moore, Northwestern Mutual, and state committeeman, D. S. Childester, Jefferson Standard.

C.L.U. classes are being resumed under supervision of Robert T. Donley, Morgantown attorney and instructor in law at West Virginia University.

Akron—Mayor Slusser, the guest speaker, described the charter form of government in Akron and the meeting was then opened to questions from the floor.

Fort Wayne, Ind.—E. B. Thurman, Chicago general agent of New England Mutual Life, discussed the fundamentals of life insurance selling.

Quincy, Ill.—Fred G. Holderman, Jr., agency manager Equitable Society, Peoria, gave success factors in life insurance selling which he says are health, salesmanship, thorough knowledge of what is being sold, right mental attitude, and willingness to work.

Kokomo, Ind.—E. R. Blackwood, who is in charge of Indianapolis district of Metropolitan Life, discussed the tontine system of life insurance. A special ladies' night is being planned for January with Roscoe Smith, Equitable of Iowa; D. T. Trobaugh, Wisconsin National Life; Earl Malcomb, Metropolitan, and M. E. White, John Hancock, in charge.

South Bend, Ind.—At the Christmas ladies' night dinner in Mishawaka, with 110 in attendance, Prof. Albert P. Stewart, director of music and art at Purdue University, stressed the importance of music in every day life, and led in community singing.

Hutchinson, Kan.—C. A. Swenson, professor of distributive education at Hutchinson Junior College, spoke on "Vocational Education." J. E. Conklin, Aetna Life, past president of the Kansas association, was to speak Dec. 20.

Salina, Kan.—The December meeting was devoted to the war bond drive, with a talk by Carl Byers, local attorney. Secretary L. C. Peters discussed "Social Security" at the previous meeting, assisted by Rex Lear and C. B. Gibson.

Des Moines—Clarence N. Bigelow, Des Moines business man, spoke on "Life Insurance and the Life Underwriter Through the Eyes of a Buyer."

Chattanooga, Tenn.—"The Humorous Side of Our Business" was discussed by Bert Lelper and Seth Leeper, both of Provident Life & Accident, and Rex Magee, Volunteer State Life. After the meeting a Christmas party was staged for children of Orange Grove School.

Memphis, Tenn.—Powell B. McHaney, vice-president and general counsel of General American Life, spoke on "The Effects of Recent Supreme Court Decisions on Life Insurance." Resolutions endorsing National Service Life Insurance, growing out of the recent Service Insurance Seminar, were voted. Members of the Memphis Insurance Exchange were guests.

Jackson, Tenn.—Victor Woerner, city attorney, spoke at the December meeting.

Evansville, Ind.—Rev. Loudon A. Harriman, pastor of the First Presbyterian Church at Princeton, Ind., spoke on "Life Insurance Underwriting as a Minister Sees It," drawing several comparisons between the ministry and life insurance. Final arrangements were made for a

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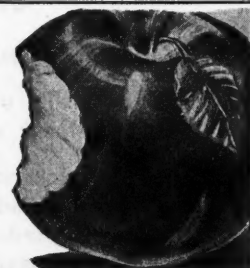
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Life Insurance Company

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Allen May, President

St. Louis, Mo.



sales conference covering the Tri-State area, to be held here Jan. 18.

Kalamazoo, Mich.—A joint dinner meeting with the Kalamazoo Bar Association was attended by 69 members of the two groups. Mutual problems were discussed. Main speakers were Loree H. Harvey, former state association president, for the life men, and Joseph S. Polz for the lawyers' organization. Paul M. Tedrow, president of the bar association, presided.

Lansing, Mich.—J. Leslie Livingston, Franklin Life, Grand Rapids, president of the Michigan Life Underwriters Association, and Herbert Thompson, director of the life division of the Michigan department, spoke.

Mr. Livingston talked on association affairs and the need for association members to advise returning veterans on National Service Life Insurance so as to keep as much as possible of it in force. In discussion of the latter subject, the broadened options provided for war widows were explained.

Mr. Thompson touched on legislative prospects. He mentioned projected department-sponsored bills to provide for a uniform 2% premium tax on all licensed carriers, including those domiciled in Michigan, and to rewrite the laws pertaining to cooperative and assessment carriers.

La Salle County, Ill.—H. H. Irwin, educational director Massachusetts Mutual at the home office, gave the talk on "Production Clinic" which he previously gave at the sales congress at Peoria, Ill.

Milwaukee—A "Quiz Kids" program was presented Dec. 21. Eugene Meng, Travelers, was announcer, and Jack Nussbaum, Massachusetts Mutual, quizmaster. The precocious "kids" were H. R. Buckman, Old Line Life; Walter Mayer, Mutual Benefit; Harry Roth, Prudential; Jack Windsor, Connecticut General; Herbert Schwahn and Westley Tuttle, Northwestern Mutual; Harry Bradley, First Wisconsin Trust Co., and C. Keith Clarke, Prentice-Hall. The meeting was open for members to bring guests.

Rock County, Wis.—Venison for the monthly luncheon meeting at Beloit was supplied by L. R. Joiner, Bankers Life of Iowa. President Harold Pettengill, New York Life, reported on National and state association activities as outlined at the recent Milwaukee conference.

San Antonio—Ben Smith, Southwestern Bell Telephone Company division manager and vice-president of the San Antonio Sales Managers Club, spoke on "The Layman's Observations on the Duties of the Life Underwriter," which he presented as keeping in touch with the policyowner, showing a human interest in beneficiaries, a mastery of the business to render an intelligent and practical service, making it easy for the buyer to understand the meaning of life insurance and its values, development of leadership, and a professional attitude toward selling life insurance.

A women's division has been formed with these officers: Miss Leone Skelton, Republic National Life, president; Miss Mary Donnell, Equitable Society, vice-

president; Mrs. Nina O. Calhoun, American Hospital & Life, secretary-treasurer.

San Francisco—Norbert Cronin, Mutual Life, spoke at the get-together luncheon Dec. 21 on "The Spirit of Christmas."

East St. Louis—W. H. Andrews, Jr., National association president, spoke at a meeting which had an attendance of 119 or about double the normal.

Jacksonville, Ill.—A discussion of National Service Life Insurance was held under the direction of E. E. Neff, John Hancock Mutual Life.

Montreal—Jules Derome, manager of the Montreal-Cartier branch of Sun Life of Canada, discussed "How to Increase Your Average Policy" at the meeting Wednesday.

Fort Dodge, Ia.—D. P. Smith, special agent Central Life of Iowa and former general agent, who has represented that company here for 36 years, was honored at a luncheon. D. E. McTigue, Northwestern Mutual, and Hugh Ziegler, Mr. Smith's general agent, paid tribute to him. Mr. Smith has averaged more than 96 lives a year and written more than \$5 million insurance. He is a charter member of the Fort Dodge association.

Cincinnati—"The old fashioned theory of saving your money, living upon interest when you retire, and then passing the principal capital sum intact to your heirs is as dead as a dodo. Today, life insurance is a must for everyone and no longer an alternative that one can take or leave," declared William H. Andrews, Jr., N.A.L.U. president. A man must have life insurance, he continued, to solve today's problems which grow out of normal living. Every step of the way through life creates obligations to others, which can be discharged only through life insurance and this situation will not change. Furthermore, the future stability of America will rest in large measure upon the institution of life insurance, he added, in referring to current low investment yields and high taxes.

Speaking of the post-war markets, Mr. Andrews suggested the sale of juvenile insurance to fathers of boys of 15 or 16 who will soon be competing with returned soldiers for jobs.

Mr. Andrews was introduced by Judd Benson, Union Central, N.A.L.U. trustee. George Vinsonhaler, John Hancock, president, presided. A. R. Jaqua, Diamond Life Bulletins, regional chairman of the camp and hospital section of the Red Cross, spoke of the need for furnishings and equipment by the army air forces convalescent hospital at Ft. Thomas, as a result of which members contributed a sizable sum.

Buffalo—W. H. Andrews, Jr., N.A.L.U. president, addressed a luncheon meeting. Earlier he had met with the directors and committee chairmen. The meeting and cocktail party planned by the Buffalo Life Managers Association for Mr. Andrews had to be cancelled on account of disrupted transportation facilities.

Peoria, Ill.—With a goal of 225 members, the annual membership campaign was opened last week and will continue through Jan. 18.

Toronto—Garnet H. Donaldson, London

Life, has been elected president. Vice-presidents are: M. W. Sparling, North American, and Walter F. E. Arnold, Sun Life; treasurer, Harry W. Magee, Prudential; secretary, Gladys V. Grover, Manufacturers.

ACCIDENT

Broad Extension of Cover for Service Men in U. S. Abrogates Air Exclusion

An endorsement to an accident and health policy which continues coverage for insured who enters military or naval service, so long as he remains within the continental limits of the United States and Canada and no actual warfare and fighting takes place within such limits, "regardless of those provisions which exempt from payment any claims arising where he had changed to a hazardous occupation or has entered the armed forces of the nation in time of war," abrogates the aviation exclusion as well as the military service exclusion in the policy. The New York supreme court, special term, so held in Schifter vs. Commercial Travelers Mutual Accident.

Trainees Not Free to Choose

Insured on entering service was assigned to the army air force and was killed in the crash of a plane in a training flight. The policy excluded all aviation mishaps except as a passenger in a licensed commercial aircraft and the insurer contended that this clause relieved it of liability, but the court says that the insurer, in extending coverage to those entering service, "must be deemed to have known that those of its insured who entered the armed services would no longer be free to choose their occupations or to order their daily lives. From day to day not one of them could know but on tomorrow he would be or-

dered into an airplane for some purpose in connection with his military training. Surely those insured could not decline to obey the command of their officers on the ground that obedience to such commands might deprive such service men of their benefits under the policies issued by the defendant."

It declares that there is nothing ambiguous in the wording of the rider. "There was no obligation on the part of the defendant to issue the rider, but having done so in language of its own choosing, it cannot read into it something which is not there, and that is the exclusion from any branch of the armed services which involve air training. . . Not only aviators but sailors, infantrymen or any other members of the armed services who are injured or killed in an airplane accident while they are performing part of their military training are covered by the contract."

Some States Will Require A. & H. Experience by Lines

It is still uncertain as to how many of the states will require the further breakdown on accident and health experience which was provided for on an optional basis at the annual meeting of the National Association of Insurance Commissioners in New York, on recommendation of its accident and health committee.

Whether or not this additional information is to be required is wholly up to the individual commissioners. Some of them have stated definitely that they will require it and others have indicated that they probably will not. It will not be made a part of the regular annual statement but will be filed as a supplementary report, where required, showing the experience by classes of business, such as commercial, wholesale or franchise, monthly or weekly premium, hospitalization, automobile and other special accident or accident and health forms. Segregated figures on non-cancellable and (CONTINUED ON PAGE 19, COL. 1)

DOES "LIFE BEGIN AT 40?"

Regardless of whether you believe that for an individual it "does" or "doesn't," you will be interested in knowing that—

1945 will complete 40 YEARS of SERVICE, GROWTH and ACHIEVEMENT for the INDIANAPOLIS LIFE INSURANCE COMPANY (A Legal Reserve Mutual Company).

IT IS —

OLD ENOUGH to be thoroughly seasoned and experienced. YOUNG ENOUGH to have the vigor and aggressiveness of a growing institution.

LARGE ENOUGH to handle any situation or case that may arise (over \$141,000,000 of insurance in force and over \$38,000,000 in assets).

SMALL ENOUGH to know its associates by their first names and give them and their policyholders unusually fine individual service.

IT IS NATIONALLY KNOWN —

For its low lapse ratio, quality assets, high average earnings per man, complete kit of policies, and as a BUILDER OF SUCCESSFUL CAREER UNDERWRITERS.

A FEW CHOICE GENERAL AGENCIES AVAILABLE IN TEXAS — Austin, Corpus Christi, Beaumont, and Marshall. Also, in Indiana, Illinois, Ohio, Iowa, Michigan and Minnesota.

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Indianapolis 7, Indiana

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LEGAL RESERVE FRATERNALS

All N. E. Congress Officers Reelected

BOSTON—All officers of the New England Fraternal Congress were re-elected at the annual meeting. They are: President, Wilfrid J. Mathieu, secretary Association Canado-Americaine, Manchester, N. H.; first vice-president, Albert J. Lamoureux, secretary L'Union St. Jean Baptiste, Woonsocket, R. I.; second vice-president, Carl S. Magoon, secretary Christian Burden Bearers, Manchester; past president, Mary M. Doyle, and secretary-treasurer, Charles C. Fearing, both of New England Order of Protection, Boston.

The executive committee includes Helena V. Sawyer, Degree of Honor; P. V. Erard, Societe des Artisans Canadiens-Francais; E. C. Paquette, Catholic Order of Foresters; N. B. MacKay, Order of Scottish Clans; A. W. Frye, Maccabees, and A. J. Vienneau, Societe L'Assomption.

About 80 attended to hear Governor Saltonstall, Commissioner C. F. J. Harrington, Farrar Newberry, president National Fraternal Congress, and others.

The governor and commissioner were unable to attend. Norman F. Wellen extended greetings for the governor. Mayor Maurice J. Tobin, who is governor-elect, urged every effort be made to secure the annual meeting of the N. F. C. for Boston after the war is over. J. S. O'Leary, third deputy commissioner, spoke for his chief.

Mr. Newberry, who is W. O. W. of Omaha president, stressed the need for a fraternal spirit and increased participation in civic activities and the war effort. He also noted the need for planning post-war work for service men who are mustered out.

A brief memorial service was held, with a short address by President Mathieu and invocation by Rev. H. E. Thompson of Christian Burden Bearers. Mr. Mathieu gave his annual report, and especially noted its work in regard to the several hearings before the recess commission of the Massachusetts legislature on revision of the fraternal code. Mr. Paquette as chairman reported for the committee on state of the order, stressing the necessity of building up subordinate lodges to heighten the fraternal interest, and made several recommendations which were adopted and referred to the executive committee.

Frank F. Savage, actuary of N. E. O. P., reported for the committee on

constitution and rules as chairman, offering minor amendments to by-laws which were adopted.

Aretz Named Head of Minn. Congress

ST. PAUL—J. M. Aretz, Catholic Aid Association, was elected president of the Minnesota Fraternal Congress at the annual meeting, succeeding Mrs. Edna Dugan, Degree of Honor, St. Paul, who was elected on the executive committee.

Other officers are: Mrs. J. Marie O'Brien, Royal League, first vice-president; B. M. Wacholtz, Equitable Reserve, second vice-president; Mrs. Luella Ives, Royal Neighbors, secretary-treasurer. Members of the executive committee are: Mrs. Dugan, W. G. Fisher, Lutheran Brotherhood; Hugh Young, Catholic Order of Foresters; George S. Francis, Fidelity Life; Anna Dupuis, Woodmen Circle; Frank Busta, Western Bohemian, and Stanley Wagner, Catholic Workmen.

N. F. C. President Speaks

Farrar Newberry, head of W.O.W., Omaha, and National Fraternal Congress president, spoke in the afternoon session and at the banquet. Mr. Young said the future of fraternal insurance lies in attracting juveniles below military age. Those above military age who enter the armed forces get government insurance and are not interested in what the fraternal offer them, he said.

W. Cable Jackson, chief organizer of Modern Woodmen, Rock Island, Ill., said there must be closer relations between home office and field; that the officials should get out into the field and have more conferences with field men.

Francis Buell Olson, head of Degree of Honor, urged broadening civic activities on the part of fraternalists. "There is more to our business than life insurance; it is time for new ideas in our work," she said.

Lutheran Brotherhood Has Big Sales Increase

Lutheran Brotherhood in 11 months of this year put in force \$17,153,921 of business as compared to \$13,384,339 in the 12 months last year and \$10,394,552 in the whole year of 1942. At the growing rate of production for the year the

total put in force for 1944 should be about \$18,900,000. Issued business in November totaled \$1,611,590, the 11th consecutive month of increase over the corresponding month last year.

For the last 18 months Lutheran Brotherhood has had at least a million dollars monthly production and substantial increases over the same month of the previous year. Woodrow Langhaug of Minneapolis was No. 1 in November with \$71,000 production and had 39 weeks of consecutive weekly production. The leader in app-a-week production is Martin Nelson of Northfield, Minn., with 754 weeks.

Aid Association 1944 Results

The E. H. Neumann general agency of Aid Association for Lutherans in November produced \$231,000 of business compared to \$128,802 in the same month last year and for 11 months had \$2,139,867 against \$1,633,202 a year ago. Next was the H. C. Wind agency with \$265,250 for November, increase about \$115,000 and 11 months figure of \$1,874,500, a gain of about \$430,000. The total of all general agencies for the month was \$3,057,889 as against \$2,235,885 a year ago, and for 11 months \$28,489,665, compared to \$23,003,085 in 11 months of 1943.

William H. Meuser of Dubuque, Ia., formerly high treasurer of Catholic Order of Foresters, died at the age of 73. He joined C. O. F. Feb. 11, 1898, as a charter member of Marquette Court 881 and was elected a high court trustee in 1918 and high treasurer in 1927, serving until 1933. A son, Leo J. Meuser, is chief ranger of the Iowa jurisdiction and treasurer of Dubuque county, Ia., for the order.

IN U. S. WAR SERVICE

Rufe M. McLaughlin, former agency secretary of Western Reserve Life of Austin, has been made a sergeant after a year of service in the southwest Pacific.

Maj. C. P. Hardwicke, medical director of Western Reserve Life, is now serving in the Philippines and has been there since D-day. He was previously in New Guinea.

Dr. Thomas F. Ross, former medical director of Ohio State Life, who is now a lieutenant commander in the navy, has been transferred to sea duty from the naval air station at Olathe, Kan.

Build prestige by having all the answers. Get the new **Unique Manual-Digest**. \$6 from National Underwriter.

Agricultural Life Hearing Continued to Jan. 2

LANSING, MICH.—On motion of defense counsel, the Agricultural Life receivership hearing has been adjourned until Jan. 2.

Only one witness was heard Monday. William Tanney, called by Maurice Moule, assistant attorney general, representing Commissioner Forbes, testified regarding appraisals of the company's Detroit properties, showing substantial increases in valuations.

The receivership is being opposed chiefly by John MacArthur, president of Bankers Life & Casualty, Chicago, who proposes a recapitalization program with issuance of \$250,000 in new stock without placing the company in receivership. MacArthur is reputed to own about 44% of the old stock, acquired from the Olmsted interests of Des Moines.

It was announced that the stockholders will hold a meeting Dec. 28 in Detroit.

Commissioner Forbes concedes the company's improved position and both sides agree that policyholder reserve liability is covered by present assets but Mr. Forbes believes a receivership is the best method of reorganizing the company, so that bids may be received for its assets. A stock impairment is admitted by both sides but there is disagreement as to its extent.

Stabilization Director Issues Rules on 5% Plan

The economic stabilization director, Fred M. Vinson, has amended the wage and salary stabilization regulations to correspond to the Treasury regulation of Sept. 4, 1943, governing the so-called 5% rule under which an employer may buy insurance for employees without violating the salary stabilization so long as the premiums do not exceed 5% of the employee's salary. The regulations of the economic stabilization director, like those of the Treasury Department, require that the insurance purchased be of the ordinary or whole life variety and that they must be for the benefit of more than a small number of selected employees; and that premiums paid by an employer on group life policies without cash surrender value and group casualty cover do not constitute wages or salaries.

The regulations of the economic stabilizer are binding both on the internal revenue bureau and war labor board. Heretofore WLB has not had a rule similar to that of the Treasury Department but it appears that in view of Vinson's new regulations the WLB rule will be subject to change to conform to the present amendment.

RECORDS

Lincoln National Life—A 37.5% increase in business was recorded in October, which was the annual Dorn month, honoring A. L. Dorn, agency vice-president. Almost one-fourth of the entire group of this year's winners produced more than \$35,000 in October. The volume of business paid for during the contest period exceeded that of October, 1943, by 49.5%.

United States Life—Total new paid-for business in the first 11 months was 22% greater than in the same period last year. Net gain of insurance in force Nov. 30 was 18% for the year. Ordinary life production in November alone was 40% over November, 1943. Agencies leading in November ordinary production were Brainard & Black, Honolulu; James F. MacGrath, Jr., New York, and Dascit Underwriters, New York.

THE WOMAN'S BENEFIT ASSOCIATION

Founded 1892

A Legal Reserve Fraternal Benefit Society

Bina West Miller
Supreme President

Frances D. Partridge
Supreme Secretary

Port Huron, Michigan

THE MANUFACTURERS

COMPLETE BROKERAGE FACILITIES

All Life, Endowment and Annuity Plans.
Favorable Par. and Non-par. rates.
Standard and Sub-standard risks.
Facilities for handling large cases.
Civilian Foreign Travel Coverage.
Annuities — Single Premiums up to \$100,000.
Prompt and Efficient Service.

INSURANCE IN FORCE, 727 MILLION DOLLARS

(Including Deferred Annuities)

ASSETS, 241 MILLION DOLLARS

LIFE

INSURANCE COMPANY

HEAD OFFICE:
TORONTO, CANADA
Established 1887

CONTINUED FROM PAGE 17, COL. 4) group accident and health insurance are now required as a part of the annual statement.

The recommendation as finally adopted represented a compromise, as some of the commissioners wanted separate reports on every policy form written. It was pointed out by the company representatives that this would be a virtual impossibility under present conditions. As a matter of fact, some of the larger companies with Hollerith equipment, which had been tabulating such experience for their own use, have had to abandon it. However, Harold R. Gordon, managing director of the Health & Accident Underwriters Conference, told the committee he believed that it would be possible for the conference companies to report the experience by classes, the provision finally adopted.

Covers Three-Year Period

The report is to cover a period of three years and may be filed in such form as may be most convenient for the company, provided the desired information is given.

Individual Enrollment Plan

Hospital Care Corp. of Cincinnati recently opened its doors for a limited period to individuals who are not eligible under the usual group arrangement, to buy hospital policies. This system of individual enrollment is being increasingly used by Blue Cross plans in various parts of the country. Associated Hospital Service of New York recently gave an opportunity for individual enrollment. In Cincinnati there was an enrollment fee of \$1 and the quarterly premium is \$1.90 for ward bed or \$2.65 for semi-private accommodations; \$4.60 family coverage for ward beds and \$6.10 semi-private room.

There is provided 21 days of bed care the first year and 30 days a year thereafter.

POLICIES

Bankers of Ia. Cuts Annuity Dividends

As a result of the continuing low yield on highgrade investments, Bankers Life of Iowa announces, effective Jan. 1, 1945, a new and lower scale of dividends for annuity contracts and also that the gross rate of interest on dividends left to accumulate with the company under life insurance contracts will be 3 1/4% until further notice. Of course, on those policies under which the guaranteed rate is 3 1/2%, the guarantee will be paid. The present scale of dividends on life insurance policies and the present rate of gross interest on settlement option funds will be continued into 1945.

In Bankers Life, action regarding

dividends is not necessarily on a calendar year basis.

Pacific Mutual on 2 1/2% Basis Jan. 1

Pacific Mutual Life Jan. 1 will go on the 2 1/2% reserve basis on its participating life policies.

Illustrative new and old rates at ages 35, 40 and 45 for four forms are:

Age	20 Pay Life	20 Pay End. 65	Ret. Inc. 60	Ret. Inc. 65
35—Old	\$36.22	\$41.72	\$64.86	\$51.28
New	39.57	44.84	70.79	55.51
40—Old	40.38	47.16	84.12	63.51
New	43.59	49.95	91.19	68.35
45—Old	45.73	54.22	116.41	82.03
New	48.77	56.54	125.27	87.75

Rates and values of nonparticipating policies adopted in August, 1943, remain unchanged, except family income and mortgage insurance rider. Rates are materially reduced at younger ages for these two forms and increased somewhat at older ages, with the exception of the rider to age 65.

The interest rate in calculation of par premium rates has been 3% heretofore.

A new life fully paid at 65 has been introduced, either par or nonpar. Retirement income with insurance again has been made available on a nonpar basis. Maturity benefits on this plan are par or nonpar and are based on 2 1/2% interest, resulting in higher premium per \$10 unit of monthly income, and placing the maturity benefit on the same basis as current settlement option rates. Excess interest dividends payable after maturity will be larger than at present.

Maturity benefits for retirement annuities have been placed on 2 1/2% interest assumption, resulting in larger premiums per \$10 monthly unit and larger excess interest after maturity.

Ages 5-9 have been added in the juvenile department, any plan shown in the rate book for age 10 being available for these younger ages.

Liberalize Substandard Rules

Substandard insurance rules are being liberalized. Any forms available on standard basis will be offered substandard within certain limits. Standard nonforfeiture values will apply regardless of classification of risk, except paid-up term benefit will be eliminated above table C.

Five forms are withdrawn from the par department—10 and 15 payment life, 25 and 30 year endowment, and joint ordinary life, but these continue available in nonpar forms. Nonpar life fully paid at 60 is withdrawn but the comparable par form is continued. Par joint 20 pay life is withdrawn. Previously the corresponding nonpar contract was withdrawn.

Modified life and 5 and 10-year term will be considered on non-medical basis within regular non-medical limits, both maximum and minimum.

The war and aviation provision has

been liberalized to cover passenger flights of any type except while in military, naval or air service or in training.

Ohio National Adjusts Dividend Scale for 1945

Ohio National Life has adopted a revised scale of dividends for 1945. There is very little change in policies of short durations but those of longer period show a decrease.

The retirement annuity policy has been slightly revised, although the interest rate remains at 2 1/2%. The income for each \$1,000 of cash value is unchanged but because cash values per \$100 annual premium have been reduced, the income available at specified ages shows a reduction at most ages.

Connecticut Savings Banks Dividends Announced

Dividends payable the third policy year by the Savings Banks Life Insurance Fund of Connecticut have been approved by trustees. These are shown in the accompanying table. First and second year dividends will be on the same

scale as used in 1944. Dividends may be left with the fund to accumulate at 3%.

Age at Issue	Str. Life	20 Paid Life	20 Upat 65	20 End. 65	5 Yr. Tm.
1-9	\$2.32	\$1.92	\$2.72	\$3.08	\$2.98
10	2.43	2.18	2.78	3.32	3.00
15	2.62	2.45	3.00	3.52	3.05
20	2.73	2.61	3.12	3.59	3.09
25	2.83	2.85	3.23	3.68	3.12
30	3.02	3.19	3.40	3.78	3.20
35	3.28	3.64	3.71	3.98	3.46
40	3.62	4.16	4.12	4.15	3.89
45	3.79	4.55	4.55	4.32	4.32
50	4.02	4.94	5.26	4.61	4.99
55	4.28	5.20	6.30	4.82	5.88
60	4.57	3.88
65	4.88

State Mutual Scale Retained

State Mutual in 1945 will continue the 1944 scale of policy dividends. Non-withdrawable funds left with the company will receive interest at 3 1/2% and withdrawable funds, including dividend accumulations at 3%.

Non-Medical Rules Revised

Great Northern Life has changed and liberalized in certain respects its non-medical rules. No medical examination will be required on juvenile applications of \$2,500 or less on males and \$1,500 on females, age 0 to 14 inclusive.

For ages 15-40, the non-medical limits have been increased \$1,500, now being

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\$4,000 for males and \$3,000 for females. For ages 41-45 inclusive, the limits have been reduced by \$500 because of mortality experience and now are \$2,000 for males and \$1,000 for females.

Columbus Mutual Revisions

Columbus Mutual Life is revising single premium immediate annuities, retirement annuity and settlement options Jan. 1. Settlement options will be on the 2½%, 1942 standard annuity table. Immediate annuities will be on the same basis as tables 27 and 28 of the 1944 Little Gem Life Chart or tables 13 and 14 of the 1944 Unique Manual-Digest.

Unrestricted Hiring of Veterans May Help Some

Insurance people may get some relief on the help situation, which is expected to continue tight for another three months at least, from the lifting of manpower controls over veterans of the present war. It is estimated there are 1,500,000 returned veterans. The veterans are not required to secure or present statements of availability in order to change jobs; they do not need a referral by the United States Employment Service, irrespective of the essentiality or priority status of the jobs they are on; and veterans may be hired without regard to employment ceilings.

Veterans are defined as those who have served in the armed forces subsequent to Dec. 7, 1941, and who have anything other than a dishonorable discharge. "Armed forces" includes army, navy, marine corps, coast guard, naval reserve, national naval volunteers, WAC, Waves, Spars, and women marines.

Pratt Hartford President

Hartford C.L.U. elected as president Wilbur S. Pratt, Northwestern Mutual; vice-president, George J. Richards, Monarth Life, and secretary, Richard N. Ford, Sales Research Bureau.

Seeks Hospital Transfer

MADISON, WIS.—Commissioner Duell has informed the University of Wisconsin board of regents, that he intends to ask the next Wisconsin legislature to appropriate the book value of the Wisconsin Orthopedic Hospital to the state insurance fund assets and to transfer title to the hospital to the university. The property is listed at \$300,000 and was built about 15 years ago with money borrowed from the state fund reserves by legislative action. The fund now holds title to the hospital, which is located on the university grounds and has been operated by the university since its establishment. The improbability that the property could ever be liquidated by the state fund has frequently been used as an argument as to the stability of its assets.

James C. McFarland, general agent of Ohio State Life at Cincinnati, has been elected chairman of the executive committee of the company's managers' association. Mr. McFarland ranks second among the company's representatives in volume of business written during 1944.

Ruling by Internal Revenue Bureau

(CONTINUED FROM PAGE 2)

which it was held that income of the decedent was taxable in the year in which the decedent died. Section 126 as changed now holds that income of the decedent shall be taxed to the recipient of the income after decedent's death, but the effect also is to tax capital gain or income on the basis of the cost to the decedent, on sale of capital assets which is concluded in the decedent's lifetime.

Heretofore the rule has been that any capital gain on assets shall be calculated on the basis of the fair market value at the time of the decedent's death but the effect of the new ruling is to go back to the original cost.

Brown Initiates Issue

The ruling by the bureau's general counsel was called forth by a letter from Gerard S. Brown of the Royer agency of Penn Mutual in Chicago in which he suggested that section 126 should be corrected by Congress so as to exclude capital gain on any contract of sale of stock or partnership interest made to take effect at decedent's death. He presented that it is beneficial to have continuity of business in the hands of active survivors; that the present national administration believes in encouraging small business concerns, and that liquidity of estates is important and should be encouraged. The general counsel's opinion expressly included partnership purchase agreements so the rule applies equally to them and to stock purchase agreements.

The Spindell-Millett bulletin states that it is obvious Congress never intended section 126 should be extended to impose this capital gains interpretation but that it was a relief section and not designed to create a new hardship in a case that was never considered before the Congressional committee that devised section 126. The new ruling presents a matter of grave concern to the thousands of stockholders and partners throughout the country who have adopted such purchase and partnership agreements, Spindell-Millett comments, and it also is of serious concern to life insurance agents everywhere.

Suggestion as to Relief

The immediate thing, it was pointed out both by the service and Mr. Brown, is to afford relief from the apparently unintended effects of section 126, pending possible action by Congress. The relief that is possible, Spindell-Millett observes, is to phrase the stock or partnership purchase agreement so the stock owner or partner upon whose life the life insurance is secured does not make a binding sale in his lifetime to take effect at his death. Instead, what he should do is to offer an option which may be exercised after his death by his partner or partners.

"In that case," Spindell-Millett comments, "the estate would not receive a 'right' from the decedent, but merely an 'expectancy,' an expectation or a hope that the buyer would buy the property at the contract price. But the estate has

no 'right' to enforce the sale. This distinction appears perfectly sound.

"Inasmuch as most stock purchase agreements are more favorable to the buyer than to the seller, perhaps the option method will be satisfactory in a majority of the cases. The only other method that seems open at the moment is to have no agreement at all, and merely let the survivor purchase the stock or partnership interest from the estate at the time of the decedent's death. In this case, as in the option case, the basis would be the fair market value at the time of death, or the contract price, if that were binding and effective for federal estate tax purposes."

Every stock or partnership agreement fixes a method of valuation of the interest upon death of stockholder or partner, and in many instances the life agent or lawyer has advised the parties that the price fixed in the agreement would be binding for federal estate tax purposes, Spindell-Millett note.

Non-revocation Factor Important

However, the U. S. tax court in the cases of Gianini vs. Commissioner (1943) and Matthews vs. Commissioner (1944) held that the price fixed in the partnership agreement in the Gianini case and the stock purchase agreement in the Matthews case was not effective for federal estate tax purposes. The effect of these two decisions was that the price or formula in the stock purchase agreement will not be effective for federal estate tax purposes unless the agreement is fully binding during the lifetime of the parties and cannot be revoked by one of them alone.

Gerard Brown points out that one objection to an arrangement which offers merely an option to buy is that it may not be exercised and may defeat the purpose for which the business insurance was taken. However under the existing situation something must be done immediately to correct business insurance arrangements that already have been put in force, as well as new ones, after which more permanent remedial steps can be taken.

Annuities First Choice of Physicians for Old Age Retirement

In a survey of physicians in civilian practice, "Medical Economics" found that in providing for old age 60.5% favored private purchase of annuity contracts, 22.2% extension of social security to include physicians; 15.2% membership in medical society pension plan, and 2.1% establishment of retirement homes supported by contributions from physicians. Among those who favored more than one plan, 80.1% included annuities as one of their choices.

Marc R. Prass, Sr., 53, formerly with Sun Life of Canada in South Bend, Ind., died in Detroit following an illness of nine months.

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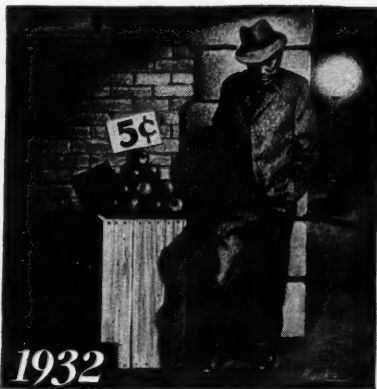
What a boom we were handed by World War No. 1! Money came easily—went easily. Everybody was splurging on everything—from silk underwear to diamond sunbursts. Prices went sky-high. Sugar eventually hit 28¢ a pound!



Bye-bye, boom. Factories closed; men laid off. Prices and wages sinking fast. Wish we'd banked some of that dough we'd blown a few years back! With jobs scarce, that money would have come in mighty handy, then.



Prosperity. Stocks up fifty points in a week. Again everybody was buying everything—yachts, jewelry, stocks, real estate, regardless of cost. Depression? Phooey... we thought we'd found a way to lick depression.



Or had we? Bread lines, apple vendors, WPA. "Brother, can you spare a dime?" No jobs. Prices dropping. Wages dropping. Everything dropping—except the mortgage on the house. "What goes up must come down."



We're splurging again. Americans have been earning more money. But even today there are fewer goods to spend it on—so naturally prices rise. We must keep them in check. **DON'T LET IT ALL HAPPEN AGAIN!**

4 THINGS TO DO to keep prices down and help avoid another depression

1. Buy only what you really need.
2. When you buy, pay no more than the ceiling prices. Pay your ration points in full.
3. Keep your *own* prices down. Don't take advantage of war conditions to ask for more—for your labor, your services, or the goods you sell.
4. *Save.* Buy and hold all the War Bonds you can afford—to help pay for the war and insure your future. Keep up your insurance.

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US
KEEP
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November 3, 1944

Mr. James E. Rutherford, Executive Vice President
National Association of Life Underwriters
11 West 42nd Street
New York 18, New York

Dear Jim:

As I told you at the time we requested you to check our membership lists for the National Association, our Field Organization was trying to attain 100% membership.

The Field did a grand job on it but we did not quite make it. With the exception of two men, however, our entire full-time organization are now members of the National Association. Although we missed it by a very small margin we feel that the objective was most worth while.

This was a voluntary effort of our General Agents and Managers and indicates a real appreciation on the part of the Home Life Field organization of the value of the membership in the National Association of Life Underwriters and of the splendid job which is being done.

Very truly yours,

Wm P Worthington
Vice President and
Superintendent of Agencies

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In his reply, he says:

"Will you please convey to the members of your Field Organization the sincere thanks of the National Association of Life Underwriters?"

"To the best of our knowledge, the Home Life Field Organization now leads those of all companies in percentage of full time underwriters who are members of our Association. We congratulate all of you, both Field and Home Office, upon this accomplishment. It is our hope that it may stimulate the field forces of other companies to undertake a similar effort."

